This is a digital copy of a book that was preserved for generations on library shelves before it was carefully scanned by Google as part of a project to make the world's books discoverable online.

It has survived long enough for the copyright to expire and the book to enter the public domain. A public domain book is one that was never subject to copyright or whose legal copyright term has expired. Whether a book is in the public domain may vary country to country. Public domain books are our gateways to the past, representing a wealth of history, culture and knowledge that's often difficult to discover.

Marks, notations and other marginalia present in the original volume will appear in this file - a reminder of this book's long journey from the publisher to a library and finally to you.

Usage guidelines

Google is proud to partner with libraries to digitize public domain materials and make them widely accessible. Public domain books belong to the public and we are merely their custodians. Nevertheless, this work is expensive, so in order to keep providing this resource, we have taken steps to prevent abuse by commercial parties, including placing technical restrictions on automated querying.

We also ask that you:

+ *Make non-commercial use of the files* We designed Google Book Search for use by individuals, and we request that you use these files for personal, non-commercial purposes.

+ *Refrain from automated querying* Do not send automated queries of any sort to Google's system: If you are conducting research on machine translation, optical character recognition or other areas where access to a large amount of text is helpful, please contact us. We encourage the use of public domain materials for these purposes and may be able to help.

+ *Maintain attribution* The Google "watermark" you see on each file is essential for informing people about this project and helping them find additional materials through Google Book Search. Please do not remove it.

+ *Keep it legal* Whatever your use, remember that you are responsible for ensuring that what you are doing is legal. Do not assume that just because we believe a book is in the public domain for users in the United States, that the work is also in the public domain for users in other countries. Whether a book is still in copyright varies from country to country, and we can't offer guidance on whether any specific use of any specific book is allowed. Please do not assume that a book's appearance in Google Book Search means it can be used in any manner anywhere in the world. Copyright infringement liability can be quite severe.

About Google Book Search

Google's mission is to organize the world's information and to make it universally accessible and useful. Google Book Search helps readers discover the world's books while helping authors and publishers reach new audiences. You can search through the full text of this book on the web at `http://books.google.com/`

E cm 4899.53.3

Harvard College Library

FROM

Interstate Commerce Commission

Econ 4577.53.3

MONEY TRUST INVESTIGATION

INVESTIGATION

OF

FINANCIAL AND MONETARY CONDITIONS IN THE UNITED STATES

UNDER

HOUSE RESOLUTIONS NOS. 429 AND 504

BEFORE A

HOUSE

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY

PART 16

WASHINGTON
GOVERNMENT PRINTING OFFICE
1913

Ecom48 99.53.3

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY.

HOUSE OF REPRESENTATIVES.

ARSENE P. PUJO, Louisiana, *Chairman.*

WILLIAM G. BROWN, West Virginia.	GEORGE A. NEELEY, Kansas.
ROBERT L. DOUGHTON, North Carolina.	HENRY McMORRAN, Michigan.
HUBERT D. STEPHENS, Mississippi.	EVERIS A. HAYES, California.
JAMES A. DAUGHERTY, Missouri.	FRANK E. GUERNSEY, Maine.
JAMES F. BYRNES, South Carolina.	WILLIAM H. HEALD, Delaware.

R. W. FONTENOT, *Clerk.*
A. M. McDERMOTT, *Assistant Clerk.*

MONEY TRUST INVESTIGATION.

EXHIBIT 71, DECEMBER 11, 1912.

ARTICLES OF ASSOCIATION AND RULES AND REGULATIONS OF THE CHICAGO CLEARING HOUSE ASSOCIATION (AS AMENDED TO FEB. 1, 1909).

The undersigned banks in the city of Chicago agree upon the following articles of association:

SECTION 1. The name of the association shall be the Chicago Clearing House Association.

SEC. 2. The objects of the association are the effecting at one place of the daily exchanges between the several associated banks and the payment at the same place of the balances resulting from such exchanges and to establish rules and regulations in matters of common interest arising from or affecting relations with banks in other localities and the fostering of sound and conservative methods of banking.

SEC. 3. Application for membership shall be made to the clearing house committee, who shall examine the affairs of the applicant, and upon a favorable report from that committee such applicant may be admitted a member of this association on receiving the affirmative vote, by ballot, of three-fourths of the members of said association, paying the admission fee, and certifying assent to the articles of association in the same manner as the original members. Should any member reorganize its business and change its name without any reduction of capital, the new organization so formed may be elected to membership in this association without the payment of any additional admission fee and without change of place or clearing house number. All members of the clearing house association as heretofore existing shall be entitled to membership in this association without the payment of an admission fee; but no new member shall be admitted except banks having their principal office located in the city of Chicago, organized under the laws of the United States or of the State of Illinois, and having done business thereunder, with their subscribed capital stock fully paid in for a period of at least six months prior to application for membership; and no new members shall be admitted except banks having a paid-in capital of at least $500,000, which shall be kept intact during such membership. The Assistant Treasurer of the United States, located at Chicago, may, upon application, be admitted to the privileges of the clearing house without the payment of any admission fee; but he shall not have any voice in its management.

Any member of the association may withdraw therefrom at pleasure—first paying its due proportion of all expenses incurred up to and including the quarter of the year in which such withdrawal takes place and by signifying to the clearing house committee its intention to withdraw.

All banks hereafter becoming members of this association shall pay an admission fee of $1,000 in addition to their proportion of the dues and expenses for the remainder of the year, based upon the amount of their exchanges for the three calendar months immediately preceding their admission, except as provided in this section.

SEC. 4. This association shall be in no wise responsible in regard to the exchanges nor in regard to the balances resulting therefrom except so far as such balances shall be actually paid into the hands of the manager. The responsibility of the association is strictly limited to the faithful distribution by the manager among the creditor banks, for the time being, of the sums actually received by him; and should any loss occur while the said balances are in the custody of the manager, it shall be borne and paid by the associated members pro rata, according to their daily average of the exchanges sent to the clearing house for the three calendar months immediately preceding the time of such loss.

SEC. 5. The officers of the association shall consist of a president and vice president, who shall be elected from among the officers of the members of the association, and shall hold their offices until their successors are chosen and qualified; and a manager, who shall be appointed by the association.

SEC. 6. The president, and in his absence the vice president, shall preside at all meetings of the association; he shall call meetings of the association whenever, in his opinion, the interests of the association may require it or whenever requested to do so by the clearing house committee or, in writing, by any five members of the association.

SEC. 7. The manager shall, under the control of the clearing house committee, have immediate charge of all business at the clearing house so far as it relates to the manner in which it shall be transacted. He shall have the supervision of the settling clerks and messengers sent to the clearing house by members of the association, who, while at the clearing house, shall be under his control. He shall act as treasurer and secretary of the association. As treasurer he shall have charge of the funds belonging to the association and pay out the same on the order of the clearing house committee and keep a correct account of all moneys received and paid out on account of the association and shall submit a detailed statement of the same at the annual meeting or whenever requested by the clearing house committee. As secretary he shall keep correct minutes of the proceedings of the association in a book provided for that purpose. His salary shall be fixed by the association, and he shall give a bond in the sum of not less than $20,000, to be approved by the clearing house committee. He shall report to the clearing house committee any violation of the articles of association or other irregularities on the part of any member of the association so far as the same shall come to his knowledge. He shall hold his office until the next annual meeting of the association or until his successor is appointed, unless suspended by the clearing house committee, or suspended or removed by the association.

SEC. 8. The annual meeting of the association shall be held at 3.30 p. m. on the third Tuesday in January of each year, at which meeting any business pertaining to the association may be transacted, and the president and vice president and clearing house committee shall be elected by ballot, and a majority of all present shall determine the result.

At all meetings of the association a quorum for the transaction of business shall consist of a majority of the whole number of the associated members.

SEC. 9. Special meetings shall be called by the president whenever he may deem it necessary or whenever requested by the clearing house committee or, in writing, by five members of the association.

SEC. 10. Each member of the association shall be represented at all meetings thereof by one or more duly authorized persons and shall be entitled to one vote, and any member failing to be so represented within 10 minutes of the time for which the meeting has been called shall pay a fine of $5.

SEC. 11. At the first annual meeting after these articles of association shall become operative the association shall elect, by ballot, a standing committee of five, to be called the clearing house committee, who shall be official representatives of banks—members of this association—and their terms of office shall expire at the first annual meeting of the association next ensuing after their election or at such times as their successors are elected. It shall be the duty of the clearing house committee to procure a suitable room or rooms for the use of the clearing house, to provide all necessary articles for the convenient transaction of business thereat, to appoint such clerks as may be necessary, to establish rules and regulations to be observed at the clearing house in cases not provided for in these articles, subject to the approval of the association, and generally to supervise the clearing house affairs.

This committee shall determine the assessment of each member for its quota of expenses in accordance with the requirements of these articles of association, and the treasurer shall collect the same. All bills shall be paid by checks, signed by the treasurer and countersigned by a member of the clearing house committee. This committee shall also, at the first annual meeting of the association after its election, submit detailed estimates for the expenditures that will be required for the clearing house during the current year. It shall hear and determine all disputes between members of the association that shall be submitted to it by the parties thereto. Such committee shall record a brief abstract of each case referred to it, with its decision on the same, in a book provided for that purpose, which book shall be kept at the clearing house, open to the inspection of the members of the association.

Vacancies occurring in the offices or committees shall be filled by the association, one week's notice to be given of the election. The clearing house committee shall have power to suspend the manager or any clerk whenever in its opinion the interests of the association shall require it, and, in the event of a suspension, shall report the same immediately to the association.

It shall make examination of the affairs of any member of the association when in its opinion advisable; it shall have power in case of extreme emergency (to be determined by the committee) to suspend any member from the privileges of the clearing

house until the pleasure of the association can be ascertained; but no such examination or suspension shall take place unless a majority of the committee shall be present at the ordering thereof, nor unless the vote be unanimous. If any member of the committee is connected with a bank or firm which it is proposed to examine or suspend, he shall not in such case act with said committee, but the president shall act as a member of the committee in his place. In case of suspension, the clearing house committee shall forthwith call a meeting of the association, to take the matter into consideration.

It shall establish a scale of fines for errors, disorderly conduct, or other irregularities, the same to be enforced and collected by the manager.

SEC. 12. For cause deemed sufficient by the association, at any meeting, any member may be expelled or suspended from the privileges of the clearing house, provided three-fourths of the members of the association vote by roll call in favor thereof.

SEC. 13. Except on Saturdays, the hour for making exchanges at the clearing house shall be 11 o'clock a. m. Between the hours of 12 and 12.30 p. m. the debtor members shall pay to the manager of the clearing house balances against them in such funds and in the manner provided in these articles of association. Between the hours of 12.30 p. m. and 12.45 o'clock p. m. the creditor members shall receive from the manager, at the same place, the respective balances due to them, provided the balances due from the debtor members shall then have been paid.

On Saturdays the hour for making exchanges shall be 10 o'clock a. m. The time within which the debtor members shall pay their balances to the manager, as aforesaid, shall be between the hours of 11 o'clock a. m. and 11.30 a. m., and the time within which creditor members shall receive the respective balances due them, as aforesaid, so far as balances due from debtor members have been duly paid, as aforesaid, shall be between the hours of 11.30 o'clock a. m and 11.45 a. m.

SEC. 14. All checks or vouchers received by any member in the exchanges of any day shall remain the property of the members who presented the same, respectively, at the clearing house, and shall be held in trust only by the member so receiving the same until returned or the amount thereof actually paid, either to the clearing house or to the member who presented the same as aforesaid. Should any member of the association fail to pay to the clearing house at the proper hour the balance against it, said defaulting member shall return to the clearing house before 1 o'clock p. m. (except on Saturdays, on which days the hour shall be 12 o'clock noon) without mutilation, all checks or vouchers received by it in the exchanges of that day, and all such checks or vouchers shall remain the property of members presenting the same at the clearing house, and held in trust only, until they are returned, or the amount of same actually paid to the member of whom they were received, whereupon the other members shall, immediately upon notice, return to the clearing house all the checks or vouchers which said defaulting member may have presented to them in the exchanges of that day, or pay the amount of same to the clearing house, and the manager shall adjust the settlement of balances accordingly.

SEC. 15. Should a member defaulting in the payment of balance due the clearing house refuse to return the checks and vouchers received by such member as provided in section 14 of these articles of association then in that case the amount due from such defaulting member shall be immediately furnished to the clearing house by the several members exchanging at that establishment with the defaulting member, in proportion to their respective balances against that member, resulting from the exchanges of the day, and the manager shall make requisitions accordingly so that the general settlement may be accomplished with as little delay as possible. The respective amounts so furnished the clearing house on account of the defaulting member shall constitute claims on the part of the several responding members, against that member, but as before stated the association shall in no wise be responsible therefor.

SEC. 16. Errors in exchanges, and claims arising from the return of checks, or from any other cause, are to be adjusted directly between the members who are parties to them if either member so desires; and if any member on demand fail to immediately reimburse any other member for any such errors or claims of any kind arising out of the clearings of that day the member making such demand shall at once notify the manager of the clearing house, who shall delay the settlements and request the clearing house committee to adjust the matter, and a settlement of the clearings shall be made under its direction.

All items amounting to $500 or over returned for irregular indorsements only, shall be certified in the usual manner before being returned.

SEC. 17. Except on Saturdays, all items in morning exchanges found not good, lacking indorsement, or otherwise irregular are to be returned direct to the members before 2.30 o'clock p. m. On Saturdays such items shall be so returned direct to the members before 1 o'clock p. m.

AMENDMENT ADOPTED JANUARY 22, 1907.

SEC. 18. The expenses of the clearing house shall be borne and paid as follows: Each member shall be assessed annually $750, and the balance necessary after that pro rata according to their daily average of the exchanges sent to the clearing house for the months of October, November, and December, immediately preceding.

AMENDMENTS TO SECTION 19, ADOPTED MAY 28, 1908.

(*a*) All payments to the Chicago Clearing House by the different members of said association shall be made in United States gold coin or United States Treasury certificates therefor, payable in Chicago; in United States legal-tender notes or Treasury notes, or United States Treasury certificates therefor, payable in Chicago; in United States gold or silver certificates.

(*b*) All gold paid to the clearing house in settlement of balances shall be put up in strong canvas bags, each containing $5,000, all coins contained in any one bag to be full weight and of one denomination, the bags to be securely fastened with a lead seal (bearing the name and clearing house number of the member putting up such package), in such manner that in the opinion of the manager of the clearing house, the fastenings can not be sufficiently released to allow of the removal of any of the contents without mutilating the seal. Every such package shall have a suitable label or tag attached, bearing the name of the sealing member, the amount of the contents, denomination, date of sealing, and signature of the person or persons duly authorized to date or seal the same.

(*c*) All currency other than coin paid to the clearing house in settlement of balances, except notes of the denomination of $50 or larger, shall be put up in packages each containing $5,000 or $10,000. All the notes included in any one package shall be of one denomination and kind, inclosed in bands containing each 100 notes and no more; the denomination, amount, and kind of currency inclosed shall be plainly marked on the cover of the package with the name of the member of the association putting up the same, date of sealing, and the signature of the person or persons duly authorized to date or seal the same. Every such package shall be inclosed between cardboards of the full width and length of the notes, placed on the upper and lower sides thereof, and shall be tied with twine and securely sealed with wax or lead seals (bearing the imprint of the member putting up the same) in such manner that in the opinion of the manager of the clearing house the fastenings can not be sufficiently released to allow of the removal of any of the contents without mutilating the seal. All notes included in any such package shall be in good condition and fit for circulation and of the denomination of either $5, $10, or $20.

(*d*) For each and every violation of any of the regulations contained in paragraphs "*b*" and "*c*" of this section the manager of the clearing house shall impose a fine of $5 on the offending member.

(*e*) The value of every package of gold or other currency put up in accordance with the provisions of this section shall be guaranteed by the member whose seal it bears until and including the 15th day of March, June, September, or December, whichever month shall come next after its authorized date or redate, and in case of any shortage either in count or weight, the member putting up the same shall on demand immediately make good any such shortage to the member breaking the seal. This guaranty shall not extend to any package which shall have passed into the hands of any person or corporation not a member of this association.

(*f*) Whenever a clearing house package of gold or currency be accepted by the United States assistant treasurer at Chicago, he shall have full authority to break, sort, weigh, and count the same.

If any shortage or light weight be found, the sealing bank will be held responsible, and the assistant treasurer may collect such shortage of the weighing bank by sending a check or debit for the amount thereof on such bank through the clearing house with the tag, wrapper, and seal attached.

SEC. 20. Each member of this association shall furnish the manager, as often as five times yearly, a sworn statement of its condition, at such times as may be designated by the Comptroller of the Currency for statements from national banks and at such other times and of such dates as the clearing house committee may require. Said statements shall be made in the form and manner prescribed by the clearing house committee. Said statements shall be open to the inspection of members of this association, but otherwise shall be held strictly confidential.

SEC. 21. All checks and other items presented for payment through the clearing house exchanges only shall be stamped, in lieu of written indorsements, by the bank presenting the same with the words: "Paid through the Chicago Clearing House to (name of member to be here inserted)," with the date thereon; and the bank using

such stamp thereby makes itself responsible for all items so stamped by it the same as if its indorsement had been written thereon. Members of the clearing house association presenting checks and other items stamped for them and in their name by their customers or by other banks or bankers not members of this association shall assume the same responsibility for all such items so stamped as they do for checks and other items stamped by themselves.

AMENDMENT ADOPTED JANUARY 22, 1907.

SEC. 22. Any member of this association may clear for any bank or bankers in the city of Chicago or vicinity—not members of this association—after obtaining the consent of the clearing house committee, and being obligated to pay this association annually, for each of such banks or banking firms having a capital of $25,000 to $50,000, the sum of $150.

For each of those having a capital of more than $50,000 and not exceeding $200,000 the sum of $250
For each of those having a capital of more than $200,000 and not exceeding $400,000 the sum of 350
For each of those having a capital of more than $400,000 and not exceeding $600,000 the sum of 450
For each of those having a capital of more than $600,000 and not exceeding $1,000,000 the sum of 600
For each of those having a capital exceeding $1,000,000 the sum of 750

Such bankers or banking firms shall consent under proper authority to the same examinations and render the same statements of their condition as are required of the members of this association under sections 11 and 20 of the articles of association, and shall be subject to all such rules and regulations in matters of common interest arising from or affecting relations with banks in other localities, and the fostering of sound and conservative methods of banking, as have been or may from time to time be adopted by this association, and shall sign an agreement so to do in such form as the clearing house committee may require. The clearing house committee shall satisfy itself that all nonmembers for whom members may clear are bona fide engaged in the business of banking and have a capital employed in such business of not less than $25,000. Individuals, firms, or corporations engaged in other lines of business receiving deposits from their employees or others which they use in their regular business shall not be construed as coming within the meaning of banks, bankers, or banking firms. This amendment to go into effect immediately.

SEC. 23. The business hours of the different members of this association shall be uniform, to be regulated from time to time, as occasion may require, by a three-fourths vote at any regular or special meeting of the association, a quorum being present.

SEC. 24. The clearing house association shall have power to establish rules and regulations regarding collections of members of the association, or of banks or trust companies or others clearing through such members, and the rates to be charged for such collections, and also to provide for the enforcement of the same. It may from time to time make any additions to or changes in such rules and regulations as it deems judicious. Any such rule or regulation must be presented by the clearing-house committee and receive a two-thirds vote of all the members of the association, and when once established it shall not be altered or rescinded until it has been in force at least three months, and then only by a majority vote of the members of the clearing house association.

SEC. 25. These articles of association may be amended at any meeting of the association by a vote of three-fourths of all the members thereof, notice of the proposed amendment having been given at a previous meeting at least one week before.

SEC. 26. These articles of association shall go into operation on the 1st day of July, 1901, provided that two-thirds of the members of the present Chicago Clearing House Association shall have assented to said articles through action of their several boards of directors and have filed with the manager of the present association a certificate by the proper officer under official seal setting forth the assent of said members. The officers now serving the Chicago Clearing House Association, with the exception of its directors, shall hold their offices under this instrument until the time hereinbefore named for the annual meeting, when a new election shall take place.

SEC. 27. These articles of association shall be entered in a book of record (to be kept at the clearing house) and shall be signed by the presidents of the respective banks or by such other officer as may be specially appointed for that purpose by any of the banks, and by such assent the respective banks which thereby become members of the association shall, and do hereby agree to, conform in all respects to the requirements of the several sections of these articles of association.

RULES AND REGULATIONS.

1. The order of business at the meetings of the association shall be as follows:
(a) Calling the roll.
(b) Reading the minutes of the last regular and subsequent special meetings.
(c) Considering communications to the association.
(d) Reports of officers of the association.
(e) Reports of committees.
(f) Unfinished business.
(g) Original resolutions and new business.

SCALE OF FINES.

2. All errors in settling clerk's statement not reported to the manager within 20 minutes from the time of beginning, whether of footing or entry, $2.
3. All other errors, each, $2.
For all errors remaining undiscovered at the expiration of one hour from commencing the fines will be doubled, and at the expiration of one and a half hours the fines will be quadrupled.
4. Disorderly conduct of clerk or messenger at the clearing house, or disregard of the manager's instructions, each offense, $2.
5. Any member failing to be properly represented punctually at the morning exchanges: For the first 5 minutes or part thereof, $3; from 5 to 10 minutes late, $10; over 10 minutes late, $25.
6. Debtor members failing to pay their balances by the hour fixed for that purpose in the articles of association: For the first 5 minutes or part thereof, $3; from 5 to 15 minutes late, $10; over 15 minutes late, $25.
7. Creditor members failing to attend for their balances by the hour fixed for that purpose in the articles of association, $3.
8. Balances remaining at the clearing house after the hour fixed by the articles of association shall be held by the manager at the risk of the members who have failed to call for them.
9. The work for clearing shall not be delayed longer than 15 minutes after the hours fixed for that purpose in the articles of association on account of the failure of any member to be represented by that time.
10. Clerks will be required to conduct themselves in a quiet and orderly manner, to be attentive to their duties, and to remain at their desks while the proof is being made and until it is announced. Loud communications, unnecessary conversation, or anything tending to create disturbance or confusion, will not be permitted.
11. All fines shall be collected by the manager at once.
12. Any errors in the exchanges discovered by any member after clearings have been made, whether of debit or credit, shall be immediately reported to the member in whose exchanges the error is discovered.
13. Members shall pay all differences or claims of $10 or over by cashier's check or clearing-house memorandum, signed by a duly authorized officer of the bank, unless payment in cash is demanded by an officer of the bank making the claim.
14. The manager shall require from members the signatures of such persons as are authorized to receipt for balances.
15 (adopted July 7, 1904). In case of all items, whether restrictively indorsed or otherwise, sent through the exchanges by members of the association, the member sending the item shall be deemed and held as guaranteeing the authenticity of all indorsements thereon, and if such guaranty do not expressly appear it shall be implied.
16 (adopted July 12, 1904). Any member who shall have received from the clearing house a package of gold coin may, at any time before the guaranty of the sealing member shall have expired, under the terms of clause (e) of section 19 of the articles of association, deliver such package to the assistant treasurer of the United States in Chicago (the contents to be counted and weighed by him), and may receive United States gold certificates in exchange therefor, said gold certificates to be payable to bearer or to the order of the depositing bank at the option of the depositor. The assistant treasurer having so issued said gold certificates may, if he has found any shortage in count or weight of the gold coin presented, collect such shortage of the sealing bank through the clearing house by sending a check or debit for the amount thereof on such bank, accompanied by the tag or tags with the seal of the sealing member.

RESOLUTIONS.

ADOPTED DECEMBER 13, 1901.

For the purpose of establishing among the members of this association a uniform method of computing interest on the balances of out-of-town banks:

Resolved, That from and after December 1, 1901, interest shall be computed on balances at the close of each day's business less such of the credits for the day as are not available for that day's clearings.

ADOPTED JANUARY 20, 1903.

The business hours of the members of this association shall be from 10 a. m. to 3 p. m., except on Saturdays, on which days the hours shall be from 9 a. m. to 12 noon.

Nothing herein contained shall apply to the savings departments or trust departments of the members of this association.

ADOPTED JANUARY 19, 1904.

Resolved, That all banks members of this association shall stamp or write in plain letters the word "counterfeit," "altered," or "worthless" upon all fraudulent notes issued in the form of and intended to circulate as money which shall be presented at their places of business; and if such officers shall wrongly stamp any genuine note of the United States or of the national banks, they shall upon presentation redeem such notes at the face value thereof.

MEMBERSHIP FEBRUARY 1, 1909.

1. First National Bank.
3. Commercial National Bank.
4. Merchants Loan & Trust Co.
5. Corn Exchange National Bank.
7. Hibernian Banking Association.
8. Bank of Montreal.
9. Union Trust Co.
11. Continental National Bank.
12. Fort Dearborn National Bank.
13. National Bank of the Republic.
14. Bankers National Bank.
15. Northern Trust Co.
16. Illinois Trust & Savings Bank.
17. American Trust & Savings Bank.
18. State Bank of Chicago.
20. Assistant Treasurer United States at Chicago.
21. Hamilton National Bank.
22. National City Bank.
23. Central Trust Co. of Illinois.
24. First Trust & Savings Bank.

OFFICERS FOR 1912.

President, L. A. Goddard, State Bank of Chicago.
Vice president, F. H. Rawson, Union Trust Co.
Manager, W. D. C. Street.

CLEARING-HOUSE COMMITTEE.

James B. Forgan, chairman, president First National Bank.
Ernest A. Hamill, vice chairman, president Corn Exchange National Bank.
Orson Smith, president Merchants Loan & Trust Co.
John J. Mitchell, president Illinois Trust & Savings Bank.
George M. Reynolds, president Continental National Bank.

LEGAL HOLIDAYS IN ILLINOIS AND CHICAGO

January 1 (New Year's Day), February 12 (Lincoln's birthday), February 22 (Washington's birthday), May 30 (Decoration Day), July 4 (Independence Day), first Monday in September (Labor Day), October 12, December 25 (Christmas Day), Sundays.

A Thursday in November (appointed by the President or governor), Thanksgiving Day.

Other days by such special appointment.

The days upon which the general, State, or county or city elections shall * * * be held in Chicago (usually on the first Tuesday in April and the Tuesday immediately following the first Monday in November).

When the date of a legal holiday falls on Sunday, the following day (Monday) is kept as such holiday, the banks being closed.

EXHIBIT 72, DECEMBER 11, 1912.

TRANSACTIONS OF THE CHICAGO CLEARING HOUSE IN 1910, WITH VARIOUS STATISTICS SINCE ORGANIZATION.

[Organized 1865. Incorporated 1881. Reorganized as a voluntary association July 1, 1901.]

MEMBERS OF CLEARING HOUSE ASSOCIATION FEBRUARY 1, 1911.

No. 1. First National Bank.
3. Continental & Commercial National Bank.
4. Merchants Loan & Trust Co.
5. Corn Exchange National Bank.
7. Hibernian Banking Association.
8. Bank of Montreal.
9. Union Trust Co.
12. Fort Dearborn National Bank.
13. National Bank of the Republic.
No. 15. Northern Trust Co.
16. Illinois Trust & Savings Bank.
17. Continental & Commercial Trust & Savings Bank.
18. State Bank of Chicago.
20. Assistant Treasurer United States.
22. National City Bank of Chicago.
23. Central Trust Co. of Illinois.
24. First Trust & Savings Bank.
25. Western Trust & Savings Bank.

NONMEMBER BANKS.

	Clear through clearing house No.
No. 40. Austin State Bank	1
41. Avenue State Bank	4
42. Bank of Nova Scotia	1
43. Chicago City Bank	1
44. City National Bank of Evanston	22
46. Drovers Deposit National Bank	3
47. First National Bank of Waukegan	5
48. Foreman Bros. Banking Co	5
49. Greenebaum Sons	1
50. Harris Trust & Savings Bank	1
51. Kasper State Bank	3
52. La Grange State Bank, La Grange	1
53. Live Stock Exchange National Bank	1
54. Oak Park Trust & Savings Bank	18
55. Prairie State Bank	3
56. Pullman Trust & Savings Bank	4
59. Security Savings Bank, Waukegan	3
60. State Bank of Evanston	18
62. Chicago Savings Bank & Trust Co	3
63. Metropolitan Trust & Savings Bank	1
64. North Side State Savings Bank	23
65. Colonial Trust & Savings Bank	3
66. Railway Exchange Bank	3
68. Union Bank of Chicago	3
69. Stockmens Trust & Savings Bank	5
70. Calumet Trust & Savings Bank	4
71. Monroe National Bank	23
72. State Bank of Lake Forest	18
73. Northwestern Trust & Savings Bank	23
74. Security Bank of Chicago	1
75. National Produce Bank	1
76. First National Bank, Lake Forest	23
77. La Grange Trust & Savings Bank	22
78. West Chicago State Bank	4
79. Winnetka State Bank	1
80. Sheridan Trust & Savings Bank	1
81. La Salle Street National Bank	5
82. Standard Trust & Savings Bank	3
83. Hinsdale Trust & Savings Bank	3
84. Peoples Trust & Savings Bank	23
85. Hinsdale State Bank	5

OFFICERS AND CLEARING HOUSE COMMITTEE, ELECTED JANUARY 17, 1911.

President, L. A. Goddard, president State Bank.
Vice president, F. H. Rawson, president Union Trust Co.
Manager, W. D. C. Street.

CLEARING HOUSE COMMITTEE.

James B. Forgan, president First National Bank.
Ernest A. Hamill, president Corn Exchange National Bank of Chicago.
Orson Smith, president Merchants Loan & Trust Co.
John J. Mitchell, president Illinois Trust & Savings Bank.
George M. Reynolds, president Continental & Commercial National Bank.
Clearing house bank examiner, James B. McDougal. Appointed May 11, 1906.

REVIEW FOR THE YEAR 1910.

Holidays in 1910:	
Saturday, Jan. 1, New Year's Day	1
Saturday, Feb. 12, Lincoln's Birthday	1
Tuesday, Feb. 22, Washington's Birthday	1
Tuesday, Apr. 5, election day	1
Monday, May 30, Decoration Day	1
Monday, July 4, Independence Day	1
Monday, Sept. 5, Labor Day	1
Thursday, Sept. 15, primary election	1
Wednesday, Oct. 12, Columbus Day	1
Tuesday, Nov. 8, election day	1
Thursday, Nov. 25, Thanksgiving Day	1
Monday, Dec. 26, observed for Christmas	1
Sundays	52
Business days	301
Total days	365

Exchanges for the year	$13,939,689,984.43
Balances for the year	833,614,902.06
Total transactions for the year	14,773,304,886.49
Average daily exchanges	46,311,262.43
Average daily balances	2,769,484.70
Average daily transactions	49,080,747.13
Largest exchanges in one day, Wednesday, Apr. 6	75,086,809.16
Largest balances in one day, Monday, May 2	5,578,572.57
Largest transactions in one day, Wednesday, Apr. 6	79,114,954.18
Smallest exchanges in one day, Saturday, Aug. 27	31,859,070.99
Smallest balances in one day, Thursday, Dec. 29	1,104,613.97
Smallest transactions in one day, Saturday, Aug. 27	34,369,659.17
Largest exchanges in one week, Saturday, Mar. 5	339,317,404.23
Largest balances in one week, Saturday, May 7	24,318,589.62
Largest transactions in one week, Saturday, Mar. 5	358,931,950.50
Largest exchanges in one month, March	1,341,212,040.94
Largest balances in one month, March	80,803,961.35
Largest transactions in one month, March	1,422,016,002.29
Smallest exchanges in one month, February	1,060,330,675.81
Smallest balances in one month, January	61,918,647.60
Smallest transactions in one month, February	1,124,602,377.63
Total exchanges from 1865 to 1910	200,767,399,958.00

Comparative table of clearings and balances in Chicago for two years, by months.

	Clearings.		Balances.	
	1910	1909	1910	1909
January	$1,160,916,011.01	$1,122,588,697.43	$61,918,647.60	$94,756,424.82
February	1,060,330,675.81	1,004,039,352.25	64,271,701.82	82,014,028.44
March	1,341,212,040.94	1,202,801,756.64	80,803,961.35	73,501,039.64
April	1,229,975,961.04	1,116,755,409.13	70,990,016.50	70,531,124.50
May	1,155,717,190.18	1,145,913,456.01	72,951,053.91	92,698,603.98
June	1,182,174,124.88	1,186,719,823.47	66,218,070.42	92,973,005.14
July	1,141,550,827.51	1,175,965,152.98	72,781,346.47	99,313,061.09
August	1,077,147,384.73	1,095,319,510.05	69,840,985.73	87,549,301.72
September	1,080,841,543.29	1,130,347,328.39	66,801,398.51	104,084,824.02
October	1,163,264,457.51	1,213,651,405.51	75,318,881.24	65,495,587.79
November	1,145,087,608.41	1,162,800,081.76	64,456,102.20	70,508,354.96
December	1,201,472,159.02	1,224,941,639.24	67,262,606.31	60,073,951.39
Total	13,939,689,984.43	13,781,843,612.86	833,614,902.06	993,499,307.49

Increase in clearings, 1.14 per cent.
Decrease in balances, 19.2 per cent.

Bank clearings in the four principal cities of the United States from 1880 to 1910.

	New York.	Boston.	Philadelphia.	Chicago.	Increase or decrease in Chicago.	Per cent.
1880	$38,614,448,223	$3,326,343,166	$2,354,846,429	$1,725,684,894	$467,028,770	[1] 37
1881	49,376,882,382	4,233,260,301	2,716,828,851	2,249,329,924	523,645,030	[1] 30
1882	46,916,955,030	3,636,373,905	2,779,522,820	2,393,437,874	144,107,950	[1] 6.5
1883	37,434,300,871	3,515,747,083	2,812,817,489	2,517,371,381	123,933,707	[1] 5.2
1884	30,985,871,170	3,243,327,058	2,514,028,803	2,259,680,291	257,691,190	[2] 10
1885	28,152,201,336	3,483,134,891	2,374,490,313	2,318,579,003	58,898,612	[1] 2.6
1886	33,676,829,612	4,095,215,231	2,912,798,360	2,604,762,912	286,183,909	[1] 12.3
1887	33,474,556,458	4,387,754,275	3,194,481,172	2,969,216,210	364,453,298	[1] 14
1888	31,099,977,521	4,427,357,070	3,204,139,076	3,163,774,462	194,558,252	[1] 6.5
1889	35,895,104,904	4,772,597,943	3,645,987,807	3,379,925,188	216,150,726	[1] 6.8
1890	37,458,607,008	5,130,578,745	3,710,248,015	4,093,143,904	713,220,716	[1] 21
1891	33,749,322,211	4,753,340,087	3,296,852,835	4,456,885,230	363,739,326	[1] 9
1892	36,662,469,201	5,005,389,685	3,810,293,288	5,135,771,187	678,885,957	[1] 15.2
1893	31,261,037,730	4,577,920,554	3,403,479,057	4,676,960,968	458,810,219	[2] 8.9
1894	24,387,807,019	4,148,050,132	3,060,421,145	4,315,440,476	361,520,492	[2] 8
1895	29,841,796,024	4,757,684,594	3,556,151,127	4,614,979,203	299,538,727	[1] 6
1896	28,870,775,056	4,498,124,352	3,161,770,036	4,413,054,108	201,925,095	[2] 4.3
1897	33,427,027,471	5,095,629,199	3,222,868,068	4,575,693,340	162,639,232	[1] 3.7
1898	41,971,783,437	5,425,647,170	3,671,676,804	5,517,335,476	941,642,136	[1] 20.6
1899	60,761,791,901	7,086,285,271	4,811,079,611	6,612,313,611	1,094,978,138	[1] 19.8
1900	52,634,201,865	6,180,308,447	4,077,655,906	6,799,535,598	187,221,987	[1] 2.8
1901	79,427,685,842	7,191,685,110	5,475,345,179	7,756,372,455	956,836,857	[1] 14
1902	76,328,189,165	6,930,016,794	5,875,328,360	8,394,872,351	638,499,896	[1] 8.2
1903	65,970,337,955	6,717,416,678	5,841,630,726	8,755,553,649	360,681,298	[1] 4.1
1904	68,649,418,673	6,631,546,902	5,776,306,569	8,989,983,764	234,430,115	[1] 2.6
1905	93,822,060,302	7,655,225,997	6,928,655,086	10,141,765,732	1,151,781,968	[1] 12.6
1906	104,675,828,656	8,335,346,113	7,686,966,980	11,047,311,894	905,546,162	[1] 8.9
1907	87,182,168,381	8,135,210,165	7,161,060,440	12,087,647,570	1,040,335,676	[1] 9.4
1908	79,275,880,256	7,338,035,925	5,937,754,106	11,853,814,945	233,832,925	[2] 1.8
1909	103,588,738,321	8,440,382,163	7,021,756,889	13,781,843,612	1,928,028,667	[1] 16.2
1910	97,274,500,693	8,299,320,162	7,089,664,085	13,939,689,984	157,846,372	[1] 1.1

[1] Increase. [2] Decrease.

Clearing house member banks, 1867 to 1910.

Year.	Capital.	Surplus and undivided profits.	Bills discounted.	Individual deposits.	Due to banks.	Total deposits.
1867	$7,364,100	.....	$14,245,646	.....	.....	$17,330,715
1868	7,450,000	.....	18,193,145	.....	.....	21,416,949
1869	7,605,000	.....	18,839,199	.....	.....	24,604,102
1870	8,385,000	$2,228,753	21,529,279	$18,369,183	$3,004,159	24,373,342
1871	9,645,000	3,709,092	22,579,921	23,434,839	7,663,128	31,097,967
1872	9,795,000	3,524,471	29,975,592	24,352,286	10,516,296	34,868,582
1873	11,793,300	4,797,046	28,074,885	21,032,193	7,619,507	28,651,700
1874	11,120,700	4,955,784	33,843,590	23,593,321	11,947,673	35,540,994
1875	10,096,000	6,423,906	32,850,014	21,369,550	10,119,432	31,488,982
1876	9,496,000	6,905,703	33,143,994	20,201,833	11,442,147	31,643,980
1877	9,436,000	5,495,107	32,107,814	21,533,427	11,668,764	33,202,191
1878	7,486,000	3,973,388	23,623,543	20,218,642	12,152,317	32,370,959
1879	7,895,300	3,923,690	30,052,175	28,286,034	16,918,915	45,204,949
1880	7,886,000	5,096,073	48,501,443	37,858,143	22,014,299	59,872,442
1881	7,586,000	5,984,959	53,067,034	43,898,327	25,176,418	69,074,745
1882	10,871,900	4,682,400	56,432,070	51,737,308	31,029,850	82,767,158
1883	12,786,000	5,567,120	65,351,356	60,281,405	25,287,384	85,568,789
1884	14,186,000	7,422,648	57,580,229	52,652,949	25,524,033	78,177,582
1885	15,386,000	6,946,061	71,591,273	55,239,040	27,653,486	82,893,126
1886	17,286,000	7,419,736	74,383,066	56,252,592	36,294,712	92,547,304
1887	17,986,000	9,026,080	83,151,456	62,437,993	39,905,715	102,343,708
1888	18,161,000	9,932,325	84,167,264	66,375,603	39,745,264	106,120,867
1889	18,161,000	11,103,346	87,981,494	69,087,976	44,218,815	113,306,791
1890	18,161,000	13,128,193	92,095,405	70,250,441	44,757,137	115,007,578
1891	21,572,000	15,411,485	108,479,096	83,418,284	56,868,142	140,286,426
1892	22,572,000	17,001,085	118,936,349	92,530,513	59,239,398	151,769,911
1893	24,072,000	17,829,896	99,194,786	91,336,716	58,434,438	149,771,154
1894	24,072,000	17,174,105	119,132,946	92,061,187	69,035,846	161,097,033
1895	24,572,000	15,765,085	114,443,426	88,493,394	58,041,836	146,535,230
1896	23,672,000	13,916,723	95,893,672	81,404,888	56,603,526	138,008,414
1897	23,022,000	13,459,037	109,545,238	99,862,856	79,096,004	178,958,870
1898	19,972,000	13,635,580	119,551,954	114,676,776	96,176,044	210,852,820
1899	23,072,000	19,309,718	186,494,618	193,464,998	99,100,054	292,565,052
1900	22,972,000	19,754,372	204,101,252	218,431,843	126,686,486	345,118,329
1901	27,250,000	22,592,269	240,805,190	247,846,574	148,555,265	396,401,839
1902	33,250,000	26,425,081	264,059,029	273,628,723	148,236,020	421,864,743
1903	36,250,000	30,933,445	278,965,037	289,971,726	149,361,064	439,332,790
1904	34,750,000	31,139,086	290,135,338	333,195,126	170,266,563	503,461,689
1905	36,750,000	33,188,866	363,770,426	358,296,005	184,983,134	543,279,139
1906	37,250,000	36,603,444	362,205,606	360,474,035	194,382,062	554,856,097
1907	45,250,000	46,992,103	378,676,194	372,035,594	179,475,786	551,511,380
1908	45,250,000	45,933,076	382,266,267	407,066,869	240,531,477	647,598,346
1909	47,755,000	49,142,283	435,733,548	458,662,149	252,776,907	711,439,056
1910	60,450,000	52,961,380	474,508,274	472,748,204	243,600,696	716,348,900

All national and State banks (including clearing house banks) making public reports, 1890 to 1910.

Year.	Loans and discounts.	Capital.	Surplus and undivided profits.	Individual deposits.	Due to banks.	Savings deposits.	Total deposits.
1890	$110,924,958	$24,852,000	$15,294,819	$81,188,942	$42,452,596	$12,510,489	$136,152,027
1891	127,711,724	34,268,680	18,064,831	102,598,330	55,104,853	15,184,985	172,888,168
1892	161,894,446	35,777,000	20,602,059	122,426,519	58,130,250	21,124,747	201,681,516
1893	122,614,731	33,577,000	21,906,790	117,465,535	56,787,568	15,446,985	189,700,088
1894	153,096,067	32,977,000	22,099,149	119,592,954	67,150,057	18,742,668	205,485,679
1895	160,025,748	34,077,000	20,958,122	121,340,610	58,313,502	22,755,124	202,409,236
1896	132,645,249	33,474,500	20,039,098	109,647,948	55,880,133	22,419,238	186,947,319
1897	154,938,177	32,875,000	19,902,040	138,955,615	84,836,130	23,577,501	247,349,246
1898	170,771,307	28,773,000	20,157,457	161,238,502	105,691,844	32,273,573	301,203,919
1899	215,181,856	29,722,000	22,614,096	175,413,044	106,737,198	45,232,782	327,383,024
1900	236,147,552	29,022,000	23,065,784	193,449,974	139,429,234	56,745,042	389,624,250
1901	277,369,494	33,300,000	26,227,576	218,519,349	158,828,764	70,339,599	447,687,712
1902	312,296,998	46,700,000	32,113,117	232,767,878	158,545,396	89,236,368	480,549,642
1903	331,852,740	50,650,000	37,209,210	231,290,082	153,700,162	108,713,548	495,703,792
1904	359,516,821	50,650,000	37,830,245	294,083,032	179,091,570	123,504,034	596,658,636
1905	444,234,521	50,250,000	40,226,850	313,961,562	195,818,565	145,916,110	655,696,237
1906	456,720,290	52,575,000	44,340,149	323,126,852	207,447,191	151,154,096	681,728,139
1907	461,292,682	60,275,000	52,012,440	298,670,268	187,758,060	158,017,938	644,446,266
1908	462,171,275	61,275,000	54,493,097	347,121,331	250,605,983	148,262,243	745,989,557
1909	476,197,117	63,125,000	54,813,445	386,148,410	265,559,106	161,734,748	813,442,264
1910	527,688,151	76,015,000	62,509,525	387,223,944	258,402,281	179,872,367	825,498,592

CLEARING HOUSE COMMITTEES, CHICAGO CLEARING HOUSE ASSOCIATION, SINCE ORGANIZATION.

Elected—

March 3, 1865: L. J. Gage, John De Koven, Ira Holmes, E. E. Braisted, E. I. Tinkham.
March 10, 1865: L. J. Gage, E. E. Braisted, E. I. Tinkham, Ira Holmes, John De Koven.
January 4, 1866: E. I. Tinkham, L. J. Gage, A. C. Badger, J. O. Rutter, D. J. Lake.
January 2, 1867: E. I. Tinkham, L. J. Gage, J. O. Rutter, J. M. Adsit, D. J. Lake.
January 7, 1868: E. I. Tinkham, Josiah Lombard, John De Koven, C. R. Field, J. M. Adsit.
January 5, 1869: E. I. Tinkham, John De Koven, J. M. Adsit, L. J. Gage, M. D. Buchanan.
January 4, 1870: J. M. Adsit, E. I. Tinkham, L. J. Gage, John De Koven, M. D. Buchanan.
January 3, 1871: J. M. Adsit, E. I. Tinkham, John De Koven, L. J. Gage, M. D. Buchanan.
January 7, 1873: J. M. Adsit, John De Koven, M. D. Buchanan, Geo. A. Ives, Orson Smith.
January 6, 1874: John De Koven, Orson Smith, J. M. Adsit, I. G. Lombard, Geo. A. Ives.
January 5, 1875: Geo. L. Otis, I. G. Lombard, Orson Smith, J. M. Adsit, Geo. A. Ives.
January 4, 1876: I. G. Lombard, Geo. L. Otis, Orson Smith, Geo. A. Ives, Chas. Henrotin.
January 2, 1877: Orson Smith, Chas. Henrotin, Geo. A. Ives, Geo. L. Otis, Jas. D. Sturges.
January 3, 1878: Orson Smith, Chas. Henrotin, Geo. A. Ives, Geo. L. Otis, Jas. D. Sturges.
January 7, 1879: Orson Smith, J. D. Sturges, Geo. L. Otis, L. J. Gage, John De Koven.
January 6, 1880: John De Koven, Orson Smith, L. J. Gage, Geo. L. Otis, J. D. Sturges.
January 4, 1881: Jas. D. Sturges, John De Koven, Orson Smith, L. J. Gage, John J. P. Odell.
January 17, 1882: L. J. Gage, Orson Smith, I. G. Lombard, J. J. P. Odell, Jas. D. Sturges.
January 16, 1883: L. J. Gage, J. J. P. Odell, I. G. Lombard, Jas. D. Sturges, Orson Smith.
January 15, 1884: L. J. Gage, J. J. P. Odell, I. G. Lombard, Orson Smith, C. J. Blair.
January 20, 1885: L. J. Gage, J. J. P. Odell, I. G. Lombard, Orson Smith, C. J. Blair.
January 19, 1886: L. J. Gage, Orson Smith, J. J. P. Odell, I. G. Lombard, C. J. Blair.
January 18, 1887: L. J. Gage, Orson Smith, J. J. P. Odell, I. G. Lombard, C. J. Blair.
January 17, 1888: L. J. Gage, Orson Smith, J. J. P. Odell, I. G. Lombard, C. J. Blair.
January 15, 1889: L. J. Gage, Orson Smith, J. J. P. Odell, I. G. Lombard, C. J. Blair.
January 22, 1890: I. G. Lombard, Orson Smith, J. J. P. Odell, L. J. Gage, C. J. Blair.
January 20, 1891: I. G. Lombard, Orson Smith, J. J. P. Odell, L. J. Gage, C. J. Blair.
January 19, 1892: I. G. Lombard, Orson Smith, J. J. P. Odell, L. J. Gage, C. J. Blair.
January 17, 1893: I. G. Lombard, Orson Smith, J. J. P. Odell, L. J. Gage, C. J. Blair.
January 16, 1894: I. G. Lombard, Orson Smith, J. J. P. Odell, L. J. Gage, C. J. Blair.
January 15, 1895: I. G. Lombard, Orson Smith, E. G. Keith, L. J. Gage, C. J. Blair.
January 21, 1896: I. G. Lombard, Orson Smith, E. G. Keith, L. J. Gage, C. J. Blair.

Elected—

January 19, 1897: I. G. Lombard, Orson Smith, E. G. Keith, L. J. Gage, C. J. Blair.

March 2, 1897: Jas. B. Forgan elected to fill vacancy caused by the resignation of L. J. Gage.

January 18, 1898: I. G. Lombard, Orson Smith, C. J. Blair, E. G. Keith, Jas. B. Forgan.

January 17, 1899: I. G. Lombard, Orson Smith, C. J. Blair, E. G. Keith, Jas. B. Forgan.

January 16, 1900: I. G. Lombard, Orson Smith, C. J. Blair, E. G. Keith, Jas. B. Forgan.

January 15, 1901: Jas. B. Forgan, Orson Smith, C. J. Blair, E. G. Keith, E. A. Hamill.

January 21, 1902: Jas. B. Forgan, Orson Smith, C. J. Blair, E. G. Keith, E. A. Hamill.

April 3, 1902: John J. Mitchell elected to fill vacancy caused by the resignation of C. J. Blair.

June 4, 1902: Jas. H. Eckels elected to fill vacancy caused by the resignation of E. G. Keith.

January 20, 1903: Jas. B. Forgan, Orson Smith, E. A. Hamill, John J. Mitchell, Jas. H. Eckels.

January 19, 1904: Jas. B. Forgan, Orson Smith, E. A. Hamill, John J. Mitchell, Jas. H. Eckels.

January 17, 1905: Jas. B. Forgan, Orson Smith, E. A. Hamill, John J. Mitchell, Jas. H. Eckels.

January 16, 1906: Jas. B. Forgan, Orson Smith, E. A. Hamill, John J. Mitchell, Jas. H. Eckels.

January 15, 1907: Jas. B. Forgan, Orson Smith, E. A. Hamill, John J. Mitchell, Jas. H. Eckels.

August 13, 1907: Geo. M. Reynolds elected to fill vacancy caused by the death of Jas. H. Eckels.

January 21, 1908: Jas. B. Forgan, E. A. Hamill, Orson Smith, John J. Mitchell, Geo. M. Reynolds.

January 19, 1909: Jas. B. Forgan, E. A. Hamill, Orson Smith, John J. Mitchell, Geo. M. Reynolds.

January 18, 1910: Jas. B. Forgan, E. A. Hamill, Orson Smith, John J. Mitchell, Geo. M. Reynolds.

January 17, 1911: Jas. B. Forgan, E. A. Hamill, Orson Smith, John J. Mitchell, Geo. M. Reynolds.

Presidents and vice presidents Chicago Clearing House Association since organization.

Elected—	President.	Vice presidents.
Mar. 10, 1865	W. F. Coolbaugh	Josiah Lombard.
Jan. 7, 1868	Solomon A. Smith	J. O. Rutter.
Jan. 3, 1871	J. Irving Pearce	Do.
Jan. 7, 1873	Solomon A. Smith	L. J. Gage.
Jan. 6, 1874	....do	Do.
Jan. 5, 1875	L. J. Gage	John De Koven.
Jan. 4, 1876	....do	Do.
Jan. 2, 1877	John De Koven	I. G. Lombard.
Jan. 3, 1878	....do	Do.
Jan. 7, 1879	I. G. Lombard	Geo. A. Ives.
Jan. 6, 1880	....do	Do.
Jan. 4, 1881	Geo. Schneider	Geo. L. Otis.
Jan. 17, 1882	....do	Do.
Jan. 16, 1883	Geo. L. Otis	John V. Clarke.
Jan. 15, 1884	....do	Do.
Jan. 20, 1885	John V. Clarke	H. H. Nash.
Jan. 19, 1886	....do	Do.
Jan. 18, 1887	H. H. Nash	E. G. Keith.
Jan. 17, 1888	....do	Do.
Jan. 15, 1889	E. G. Keith	John C. Black.
Jan. 22, 1890	....do	Do.
Jan. 20, 1891	John C. Black	Charles L. Hutchinson.
Jan. 18, 1892	....do	Do.
Jan. 17, 1893	Charles L. Hutchinson	W. F. Dummer.
Jan. 16, 1894	....do	Do.
Jan. 15, 1895	W. F. Dummer	John R. Walsh.
Jan. 21, 1896	....do	Do.
Jan. 19, 1897	John R. Walsh	E. S. Lacey.
Jan. 18, 1898	....do	Do.

Presidents and vice presidents Chicago Clearing House Association since organization— Continued.

Elected—	President.	Vice presidents.
Jan. 17, 1899	E. S. Lacey	J. V. Clarke.
Jan. 16, 1900	....do	Do.
Jan. 15, 1901	J. V. Clarke	W. T. Fenton.
Jan. 21, 1902	W. T. Fenton	Jas. H. Eckels.
Jan. 20, 1903	....do	Byron L. Smith.
Jan. 19, 1904	Byron L. Smith	George M. Reynolds.
Jan. 17, 1905	....do	Do.
Jan. 16, 1906	....do	Do.
Jan. 17, 1907	....do	Do.
Jan. 21, 1908	Jos. T. Talbert	H. A. Haugan.
Jan. 19, 1909	....do	Do.
Oct. 28, 1909	Geo. E. Roberts	
Jan. 18, 1910	....do	L. A. Goddard.
Sept. 14, 1910	L. A. Goddard	F. H. Rawson.
Jan. 17, 1911	....do	Do.

MANAGERS CHICAGO CLEARING HOUSE ASSOCIATION SINCE ORGANIZATION.

L. J. Gage, March 4, 1865, to April 8, 1865.
G. A. Ives, April 8, 1865, to November 28, 1871.
D. R. Hale, November 28, 1871, to September 23, 1881.
W. S. Smith, September 28, 1881, to January 20, 1885.
A. P. Smith, January 20, 1885, to January 22, 1890.
W. D. C. Street, January 30, 1890.

Record of membership of Chicago Clearing House Association since organization in April, 1865, to Dec. 31, 1910.

	Admitted.	Discontinued.	Remarks.
First National Bank	Apr. 6, 1865		
Second National Bank	....do	Sept. 26, 1873	
Third National Bank	....do	Nov. 22, 1877	Discontinued Sept. 4, 1865; began to clear again July 25, 1866; closed Sept. 27, 1873; reopened Oct. 8, 1873.
Fourth National Bank	....do	Feb. 27, 1875	Discontinued Nov. 29, 1869; began to clear again Mar. 8, 1870.
Fifth National Bank	....do	Sept. 17 1900	Name changed to National Bank of America Jan. 2, 1883. Name changed to America National Bank Feb. 14, 1898. Merged with Corn Exchange National Bank.
Merchants National Bank	....do	Mar. 31, 1902	Do.
Northwestern National Bank	....do	Sept. 17, 1900	Do.
Manufacturers' National Bank	....do	Sept. 26, 1873	
Mechanics National Bank	....do	Dec. 31, 1874	
Commercial National Bank	....do	Aug. 1, 1910	Merged into Continental & Commercial National Bank.
Union National Bank	....do	Sept. 4, 1900	Closed Sept. 26, 1873; reopened Oct. 14, 1873; merged with First National Bank.
City National Bank	....do	Apr. 24, 1876	
Merchants Savings, Loan & Trust Co.	....do		Name changed to Merchants Loan & Trust Co. May 1, 1882.
State Savings Institution	....do	June 9, 1874	Discontinued Apr. 1, 1871; began to clear again Aug. 4, 1873.
Traders Bank	....do	Oct. 2, 1888	Name changed to Traders National Bank June 28, 1866. Name changed to Traders Bank Oct. 15, 1878.
J. M. Adsit	....do	Apr. 16, 1877	Liquidated.
Geo. C. Smith & Bro	....do	Dec. 4, 1872	Name changed to National Loan & Trust Co. Dec. 28, 1868. Name changed to The Bank of Chicago June 24, 1872.
A. C. Badger & Co	Apr. 7, 1865	Oct. 8, 1871	
S. Sturges' Sons	Apr. 10, 1865	Feb. 25, 1867	
Montreal Agency	May 8, 1865	Dec. 18, 1866	
Scripps, Preston & Kean	Sept. 17, 1866	May 12, 1884	Name changed to Lunt, Preston & Kean Dec. 3, 1866. Name changed to Preston, Kean & Co. Oct. 1, 1873.

Record of membership of Chicago Clearing House Association since organization in April, 1865, to Dec. 31, 1910—Continued.

	Admitted.	Discontinued.	Remarks.
Cushman, Hardin & Co.	Sept. 17, 1866	July 23, 1872	Name changed to Cushman, Hardin & Bro. Sept. 23, 1867. Name changed to Cushman & Hardin Apr. 1, 1870.
H. Greenebaum & Co.	.....do.....	Dec. 6, 1877	Name changed to German National Bank Jan. 3, 1871.
Meadowcroft Bros.	.....do.....	Oct. 8, 1871	
Treasury Bank	Oct. 11, 1866	Apr. 15, 1869	
C. Follansbe & Son	June 25, 1868	Nov. 21, 1871	
Merchants' Association Savings Bank.	Sept. 21, 1868	.....	Name changed to Hibernian Banking Association Apr. 1, 1870.
Real Estate Loan & Trust Co.	May 16, 1870	Sept. 22, 1873	Name changed to Franklin Bank, May 10, 1872.
National Bank of Commerce.	June 21, 1870	Dec. 4, 1876	Closed Sept. 26, 1873, reopened Oct. 1, 1873.
Corn Exchange National Bank.	Nov. 1, 1870	.....	Name changed to Corn Exchange Bank Mar. 10, 1879. Name changed to Corn Exchange National Bank Jan. 1, 1898.
International Mutual Trust Co.	Aug. 5, 1871	Mar. 14, 1881	Name changed to International Bank June 19, 1872.
Cook County National Bank.	Aug. 2, 1871	Jan. 19, 1875	Closed Sept. 26, 1873, during panic; reopened Sept. 29, 1873.
National Bank of Illinois.	Sept. 11, 1871	Dec. 21, 1896	
Bank of Montreal	Jan. 5, 1872		
Scandinavian National Bank.	July 1, 1872	Nov. 30, 1872	
Prairie State Loan & Trust Co.	Aug. 16, 1872	July 3, 1876	
Union Trust Co.	Sept. 12, 1872		
Central National Bank.	July 1, 1873	Nov. 23, 1877	
Hide & Leather Bank.	Aug. 1, 1873	Dec. 23, 1897	Name changed to Hide & Leather National Bank Feb. 7, 1880. Merged with Union National Bank December, 1897.
Canadian Bank of Commerce.	June 14, 1875	May 1, 1886	
Home National Bank	May 10, 1876	Jan. 3, 1898	
Chicago National Bank	Jan. 10, 1882	Feb. 1, 1906	
Continental National Bank.	Mar. 5, 1883	Aug. 1, 1910	Merged into Continental & Commercial National Bank.
Metropolitan National Bank.	May 12, 1884	June 2, 1902	Merged with First National Bank.
American Exchange National Bank.	May 4, 1886	Feb. 14, 1898	Merged with America National Bank.
Atlas National Bank.	May 17, 1886	Jan. 2, 1897	
Fort Dearborn National Bank.	July 18, 1887		
Globe National Bank	Jan. 22, 1891	Nov. 7, 1898	Purchased by Continental National Bank.
National Bank of the Republic.	July 5, 1892		
Bankers' National Bank	Mar. 4, 1893	Sept. 1, 1909	Merged with Commercial National Bank.
Bank of Commerce	Nov. 23, 1893	Nov. 7, 1898	Purchased by Union National Bank.
Northern Trust Co.	Aug. 1, 1899		
Illinois Trust & Savings Bank.	.....do.....		
American Trust & Savings Bank.	Jan. 15, 1902	.....	Name changed to Continental & Commercial Trust & Savings Bank Aug. 1, 1910.
State Bank of Chicago	June 16, 1902		
National Bank of North America.	Jan. 2, 1903	Oct. 27, 1904	Purchased by Continental National Bank.
Assistant Treasurer United States.	July 13, 1903	.....	Withdrew from Oct. 31, 1907, to Jan. 16, 1908, during use of clearing house certificates.
Hamilton National Bank	June 3, 1907	Feb. 21, 1910	Purchased by National City Bank.
National City Bank	Aug. 19, 1907		
Central Trust Co. of Illinois.	Oct. 29, 1907		
First Trust & Savings Bank.	.....do.....		
Continental & Commercial National Bank.	Aug. 1, 1910		
Western Trust & Savings Bank.	Aug. 2, 1910	Dec. 24, 1911	Purchased by Central Trust Co. of Illinois.
Standard Trust & Savings Bank.	Apr. 20, 1911		
Foreman Bros. Banking Co.	May 17, 1911		
Harris Trust & Savings Bank.	Nov. 1, 1911		
People's Trust & Savings Bank.	Jan. 22, 1912		

EXHIBIT 73, DECEMBER 11, 1912.

RULES AND REGULATIONS.

The following rules and regulations have been adopted by the Chicago Clearing House Association and are declared obligatory after the 31st day of March, 1906, upon all the banks, bankers, and trust companies who are members of said association, as well as those banks, bankers, and trust companies who will make their clearings through the clearing house of said association:

COLLECTION CHARGES.

Every bank, banker, and trust company member of or connected with said clearing house, as stated above, shall charge for all items received from Chicago City and Cook County customers (including all banks, bankers, and trust companies members of or connected with said clearing house) and passed direct to their credit or cashed for any resident of said city or county on points (excepting those hereinafter declared discretionary) in Connecticut, Delaware, District of Columbia, Illinois, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, and Vermont not less than $0.75 per thousand on the amount of the item; and if said per cent when calculated upon any such item does not equal 10 cents the charge shall not be less than that sum, excepting on items of $10 and under, when the charge shall be 5 cents; provided that all items received at any one time from any customer, and payable at one city or town, may be added together and treated as one item, and be charged for as if they were one item.

And for all such items (excepting those hereinafter declared discretionary) on points in Indiana, Iowa, Kansas, Kentucky, Michigan, Missouri, Tennessee, Virginia, West Virginia, and Wisconsin, not less than $1 per thousand on the amount of the item; and if said per cent when calculated upon any such item does not equal 10 cents the charge shall not be less than that sum, excepting on items of $10 and under, when the charge shall be 5 cents; provided that all items received at any one time from any customer, and payable at one city or town may be added together and treated as one item and be charged for as if they were one item.

And for all such items (excepting those hereinafter declared discretionary) on points in Alaska, Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Idaho, Indian Territory, Louisiana, Minnesota, Mississippi, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Texas, Utah, Washington, Wyoming, Canada, and Newfoundland, not less than $2 per thousand on the amount of the item; and if said per cent when calculated upon any such item does not equal 10 cents the charge shall not be less than that sum, excepting on items of $10 and under, when the charge shall be 5 cents; provided, that all items received at any one time from any customer, and payable at one city or town may be added together and treated as one item and be charged for as if they were one item.

On all such items on the city of Albany, N. Y.; Baltimore, Md.; Boston, Mass.; Brooklyn, N. Y.; Hoboken, N. J.; Jersey City, N. J.; Milwaukee, Wis.; Newark, N. J.; New York City; Philadelphia, Pa.; Providence, R. I.; St. Louis, Mo.; all towns in Cook County, Ill., and on drafts drawn by banks or bankers on banks and bankers in such reserve cities as will agree to remit for same without charge, the charge shall be discretionary with each bank or company.

On all items on the following points the minimum charge shall be 50 cents per thousand on the amount of the item: Buffalo, N. Y.; Cincinnati, Ohio; Cleveland, Ohio; Indianapolis, Ind.; and Pittsburgh, Pa. And if said charge when calculated upon any such item does not equal 10 cents the charge shall not be less than that sum, excepting on items of $10 and under, when the charge shall be 5 cents; provided that all items received at any one time from any customer, and payable at one city or town may be added together and treated as one item and be charged for as if they were one item.

On all items on the following points the minimum charge shall be $1 per thousand on the amount of the item: Denver, Colo.; Lincoln, Nebr., Minneapolis, Minn.; Montreal, Province of Quebec; New Orleans, La.; Omaha, Nebr.; St. Paul, Minn.; Toronto, Ontario; and Winnipeg, Manitoba. And if said charge when calculated upon any such item does not equal 10 cents the charge shall not be less than that sum, excepting on items of $10 and under, when the charge shall be 5 cents; provided that all items received at any one time from any customer and payable at one city or town may be added together and treated as one item and be charged for as if they were one item.

On all items drawn "with exchange" or "and exchange" the charge may be one-half of the foregoing rates, but in no case shall it be less than 10 cents on items over $10 or 5 cents on items of $10 and under.

All items received from or for the account of any bank, banker, or trust company, person, or firm outside of Chicago, and bearing a Chicago indorsement, or which may be drawn by an individual, firm, or corporation having an office in Chicago, or an account in Chicago in connection with business originating in Chicago, shall be subject to the same charge as if received direct from a Chicago customer.

On all items entered for collection the charge shall not be less than the cost incurred by the bank, banker, or trust company taking the item, plus a handling charge of 10 cents per item.

TIME FOR COLLECTING CHARGES—PROHIBITIONS AND EXCEPTIONS.

Each bank, banker, or trust company member of or connected with the Chicago Clearing House Association shall actually collect the foregoing charges on all items not later than the fifteenth day of the calendar month next following the receipt or handling of the items. And no such bank, banker, or trust company shall, directly or indirectly, allow any abatement, rebate, or return of any such charges, or make in any form, whether of favor or otherwise, any compensation therefor. Banks, bankers, and trust companies shall not be obliged to impose any of the foregoing charges on items drawn on, or by, or deposited by the United States Government, the State of Illinois, the county of Cook, the city of Chicago, steam railroads, or the board of public schools of the city of Chicago.

Exhibit 74, December 11, 1912.

Table showing shares of common stock of the Reading Co. sold on New York Stock Exchange, shares transferred on company's books, and shares listed on exchange each month 1906 to 1912, and also range of prices each month.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
1906.													
Shares sold	3,127,710	2,177,320	2,582,640	2,712,160	4,356,350	3,398,480	1,958,900	3,060,900	6,533,220	4,287,250	4,453,630	5,116,280	42,764,840
Shares transferred	604,734	162,247	165,112	166,813	265,295	282,747	463,307	148,063	206,514	265,222	162,813	257,906	3,150,773
Shares listed [1]	1,400,000												
Low price	134¼	134⅜	125	120	112	120½	116⅜	129⅜	136½	138	138½	129	
High price	164	144⅜	137	140	142½	145¾	132	144⅜	156¾	155½	150¾	152½	
1907.													
Shares sold	4,570,475	3,911,615	5,835,090	3,529,230	3,835,800	2,437,660	2,131,400	2,727,720	2,143,550	2,494,720	1,475,331	3,048,780	38,141,371
Shares transferred	547,349	154,682	228,382	203,978	209,521	182,096	401,230	167,414	149,562	157,799	136,560	195,725	2,734,298
Shares listed [1]	1,400,000												
Low price	119¼	112¼	91	103	96½	97	100¼	85½	90½	70½	72½	87⅜	
High price	139⅜	126⅜	126½	114	115⅜	107¼	108⅞	103½	98⅜	95¼	90½	97½	
1908.													
Shares sold	4,055,000	2,448,544	3,464,250	2,311,000	3,983,416	1,882,860	2,111,690	3,204,080	3,655,175	2,336,900	3,132,878	2,579,760	35,165,553
Shares transferred	518,608	163,646	179,320	162,953	197,382	233,688	432,410	138,688	197,720	158,278	177,591	208,635	2,768,919
Shares listed [1]	1,400,000												
Low price	94½	92½	94½	102⅜	107½	109⅜	112⅞	121½	120½	126⅜	131⅜	135⅜	
High price	111	103⅜	107⅝	112	119¼	117½	122⅛	130⅜	137⅜	134½	141½	143¼	
1909.													
Shares sold	1,897,430	1,595,600	2,251,573	3,321,850	2,974,232	2,460,820	1,472,590	3,251,860	3,423,780	2,036,390	2,640,490	2,015,800	29,342,415
Shares transferred	541,807	92,293	134,686	166,742	243,572	208,019	499,004	184,727	196,952	129,476	153,303	331,214	2,881,795
Shares listed [1]	1,400,000												
Low price	131½	118	121⅜	134½	143⅜	147½	153⅜	155½	156½	158	160⅜	167½	
High price	144⅜	134⅜	136⅜	148½	159¾	158⅜	162⅝	166	173⅜	170½	172½	172½	
1910.													
Shares sold	2,838,110	2,918,650	2,454,000	2,027,204	2,219,035	2,967,510	2,549,920	2,225,450	1,898,700	2,023,800	1,911,620	2,242,850	28,276,149
Shares transferred	536,933	220,311	186,027	162,067	171,271	210,226	477,562	153,885	129,751	123,469	127,867	173,258	2,672,627
Shares listed [1]	1,400,000												
Low price	154	155½	162⅜	156½	153⅜	140⅝	130⅜	132⅞	136⅜	146	147⅛	142½	
High price	171½	172½	171⅛	168⅜	166⅝	158⅜	147½	147½	147⅝	156⅜	156	151⅝	

1911.													
Shares sold	2,502,490	2,181,540	1,128,320	890,700	1,848,900	1,443,050	797,950	2,475,110	2,686,715	1,840,400	2,690,850	1,403,500	21,900,525
Shares transferred	287,520	129,980	107,764	88,835	158,643	164,054	269,470	165,041	144,122	128,095	161,361	180,247	2,084,992
Shares listed [1]	1,400,000												
Low price	150½	152⅜	153⅜	149½	154½	157½	155⅝	139⅜	134	135⅝	139⅜	146½	
High price	158⅜	161⅝	158⅜	157	161⅜	161⅞	160⅜	159	144⅜	141⅜	154⅞	154½	
1912.													
Shares sold	2,252,950	1,509,400	1,983,590	2,536,800	2,385,500	1,245,700	1,025,225	1,273,440	1,546,800	2,680,690	1,523,950		20,054,045
Shares transferred	369,996	114,275	132,534	427,330	142,467	140,443	300,454	105,202	84,695	411,103	70,387		2,298,886
Shares listed [1]	1,400,000												
Low price	148½	152½	154⅜	162½	165½	163⅞	160½	165⅞	165⅜	168½			
High price	156½	159½	163⅜	179½	177⅝	172⅜	168½	173½	174½	178⅜			

[1] Of this number the Baltimore & Ohio Railroad Co. and the Lake Shore & Michigan Southern Railway Co. have held 400,000 shares during the period covered by this table, leaving only 1,000,000 shares actually subject to sale on the New York Stock Exchange.

Ratio of shares transferred to shares sold:

1906	0.072
1907	.072
1908	.078
1909	.098
1910	.094
1911	.095
1912	.114
Whole period	.086

Ratio of shares sold to shares listed:

1906	31.26
1907	27.24
1908	25.11
1909	20.96
1910	20.18
1911	15.64
1912	14.32
Whole period (yearly average)	22.10

Ratio of shares sold to shares actually subject to sale (1,000,000):

1906	43.86
1907	38.14
1908	35.17
1909	29.34
1910	28.28
1911	21.90
1912	20.05
Whole period (yearly average)	30.95

Total shares sold for period, 216,644,898.
Total shares transferred for period, 18,592,290.

EXHIBIT 75, DECEMBER 11, 1912.

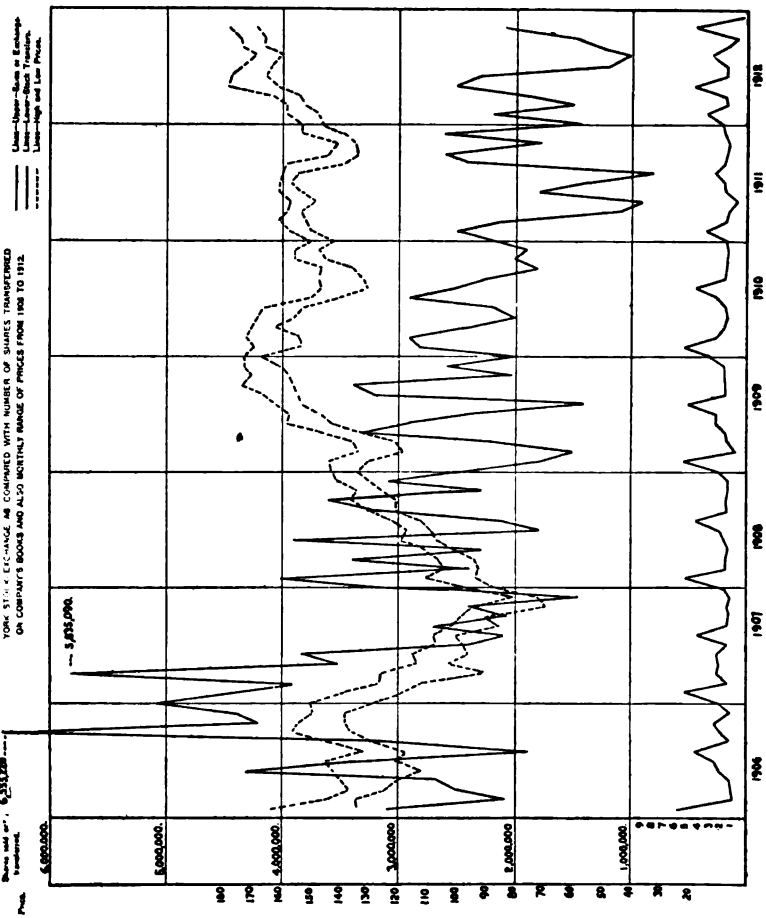


EXHIBIT 76, DECEMBER 11, 1912.

Shares of common stock of Reading Co. sold each day of the 13 most active months from 1906 to 1912, inclusive.

Day of month.	January, 1906.	May, 1906.	June, 1906.	September, 1906.	October, 1906.	November, 1906.	December, 1906.
1	.....	158,300	76,600	33,100	466,700	165,300	14,400
2	235,800	362,200	24,600	.....	347,600	366,100	.....
3	208,300	174,800	.....	.....	237,500	152,800	124,100
4	106,800	280,400	169,900	179,800	176,500	.....	118,700
5	55,000	191,500	131,100	157,200	180,500	176,100	223,500
6	28,700	.....	80,800	259,200	107,500	.....	172,600
7	.....	324,300	126,300	215,700	.....	288,400	147,500
8	90,000	193,200	94,600	80,200	102,200	130,600	89,700
9	58,200	206,900	73,700	.....	72,500	208,500	.....
10	47,000	87,400	.....	108,700	91,100	90,700	238,600
11	47,400	176,900	116,300	145,000	132,400	.....	296,900
12	70,100	30,300	91,500	128,400	151,800	251,000	155,000
13	26,400	.....	83,000	91,100	72,900	174,300	280,400
14	.....	143,500	325,900	548,800	.....	158,600	204,000
15	37,200	145,900	255,200	332,600	163,100	227,300	102,600
16	136,400	64,000	103,700	.....	72,900	357,900	.....
17	160,400	244,200	.....	419,900	96,000	117,900	239,100
18	186,400	129,500	171,500	598,700	64,100	.....	444,700
19	200,100	36,800	158,100	559,100	255,500	243,100	521,300
20	108,500	.....	16,800	398,200	147,800	172,300	166,200
21	.....	52,500	127,900	231,800	.....	183,200	209,900
22	220,200	135,800	115,000	89,900	265,000[1]	195,100	226,500
23	178,800	142,400	55,100	.....	167,400	122,700	.....
24	91,500	248,200	.....	377,100	78,300	114,900	273,100
25	167,600	334,700	144,000	325,000	162,000	.....	.....
26	154,700	83,700	183,400	300,500	306,200	126,700	175,100
27	69,200	.....	181,000	381,100	84,800	163,800	218,500
28	.....	158,000	164,000	362,000	.....	114,600	187,600
29	151,700	168,100	113,000	247,500	125,800	.....	150,200
30	171,200	.....	64,300	.....	29,600	87,100	.....
31	98,700	57,500	.....	.....	115,800	.....	187,300
MONTHLY SUMMARY.							
Shares sold	3,127,710	4,356,350	3,398,480	6,533,220	4,287,250	4,453,630	5,116,280
Shares transferred	604,734	265,295	282,747	206,514	265,222	162,813	257,906
Shares listed [1]	1,400,000	.....	.....	.....	.....	.....	.....
Low price	134¼	112	120½	136½	138	138½	129
High price	164	142⅛	145⅞	156⅛	155½	150¾	152½

[1] Of this number the Baltimore & Ohio Railroad Co. and the Lake Shore & Michigan Southern Railway Co. have held 400,000 shares during the period covered by this table, leaving only 1,000,000 shares actually subject to sale on the New York Stock Exchange.

Shares of common stock of Reading Co. sold each day of the 18 most active months from 1906 to 1912, inclusive—Continued.

Day of month.	January, 1907.	February, 1907.	March, 1907.	April, 1907.	January, 1908.	May, 1908.
1	.....	268,900	443,500	140,200	.....	117,300
2	134,700	88,100	140,700	131,900	150,560	66,900
3	131,200	.....	.....	183,600	114,700	.....
4	152,000	137,800	354,900	219,500?	68,600	92,900
5	142,100	106,000	345,150	228,600	.....	76,600
6	.....	136,880	700,900	88,800	141,100	93,900
7	160,300	237,520	211,000	.....	147,800	156,500
8	174,900	169,400	313,050	130,700	98,200	340,900
9	109,600	86,150	81,100	191,500	275,500	110,700
10	193,100	.....	.....	142,500	302,000	.....
11	211,600	142,900	240,700	135,100	77,400	153,300
12	73,800	.....	140,200	157,300	.....	191,900
13	.....	138,150	33,500	123,000	172,600	87,000
14	153,500	173,440	324,500	.....	163,600	262,900
15	95,300	131,300	192,500	160,500	189,100	258,300
16	191,100	59,250	121,700	92,800	255,300	104,850
17	118,800	.....	.....	143,000	216,700	.....
18	268,100	166,100	166,500	57,800	124,300	165,500
19	223,900	235,900	236,700	75,000	.....	187,100
20	.....	106,450	182,600	17,100	180,000	225,756
21	400,000	171,980	117,100	.....	312,400	183,800?
22	172,800	.....	112,100	191,300	235,800?	227,100
23	141,500	.....	107,900	157,100	147,300	136,900
24	103,400	.....	.....	245,850	160,900	.....
25	139,800	257,000?	157,600?	1,258?	71,800	159,300
26	95,000	256,200	142,000	93,000	.....	148,100
27	.....	459,000	232,700	27,100	164,000	179,400
28	176,200	371,100	226,000	.....	172,200	165,800
29	272,900	.....	113,700	94,100	204,500	65,300
30	293,600	.....	.....	176,300	116,550?	.....
31	214,300	.....	.....	.....	111,850	.....
MONTHLY SUMMARY.						
Shares sold	4,570,475	3,911,615	5,835,090	3,529,230	4,055,000	3,983,416
Shares transferred	547,349	154,682	228,382	203,978	518,608	197,382
Shares listed	1,400,000	.....	.....	.....	.....	.....
Low price	119½	112½	91	103	94½	107⅞
High price	139⅛	126⅜	126½	114	111	119½

EXHIBIT 77, DECEMBER 11, 1912.

Table showing shares of common stock of Erie Railroad Co. sold on New York Stock Exchange, shares transferred on company's books, and shares listed on exchange each month, 1906 to 1912, and also range of prices each month.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
1906.													
Shares sold	696,885	293,770	252,540	291,850	579,145	379,270	279,125	672,750	611,950	332,510	186,765	171,550	4,748,090
Shares transferred	112,844	57,842	113,262	55,357	96,250	68,549	68,757	178,122	114,834	82,334	46,486	42,396	1,036,033
Shares listed	1,123,789												
Low price	46⅜	41⅜	41½	39½	38½	40	38½	42⅜	45	43	41⅜	41⅜	
High price	50⅜	48⅜	45	45½	47	46¾	43½	47½	49⅜	49	46	46½	
1907.													
Shares sold	434,045	280,110	574,795	221,750	83,580	52,970	157,860	128,750	27,860	58,085	53,290	33,086	2,106,181
Shares transferred	87,444	48,199	128,049	98,845	56,391	54,437	50,774	66,739	45,869	60,348	72,765	39,648	806,878
Shares listed	1,123,789												
Low price	33⅜	32⅞	21⅞	22⅜	20	20⅜	22⅞	18	19⅜	16½	12½	15⅜	
High price	44½	37⅜	34½	26⅜	25½	23⅜	26½	24	22	20⅜	18½	17⅞	
1908.													
Shares sold	44,045	33,950	79,500	121,445	167,000	114,585	151,810	125,510	832,530	595,550	557,100	375,790	3,198,915
Shares transferred	35,132	24,696	38,549	58,089	62,245	39,225	52,230	48,303	43,692	135,191	138,312	79,874	755,536
Shares listed	1,123,789												
Low price	14⅜	12½	12	13⅜	17⅞	17⅜	19	22½	23⅛	29⅜	30⅞	31⅞	
High price	17⅜	15⅛	17⅛	19⅛	23⅜	23½	26⅛	25	31½	32⅜	36	35½	
1909.													
Shares sold	361,010	186,550	139,525	255,060	275,280	347,360	167,780	389,035	263,535	153,100	72,300	90,685	2,701,220
Shares transferred	102,479	64,211	97,873	64,605	75,824	98,994	37,941	76,241	15,272	54,014	34,387	45,920	767,761
Shares listed	1,123,789												
Low price	28⅛	25⅛	22⅜	28½	31	34	35⅜	34	31⅜	31½	32	32½	
High price	34½	32⅜	30	32	35½	39	37½	38⅛	36½	35	34⅜	34½	
1910.													
Shares sold	115,820	61,430	89,200	44,770	29,220	80,785	47,665	46,950	40,980	139,530	45,460	38,575	780,385
Shares transferred	51,533	52,044	52,755	25,304	32,260	51,212	58,625	45,119	4,140	56,934	36,000	31,133	495.059
Shares listed	1,123,789												
Low price	27⅞	25½	28½	27	26½	23⅛	19½	22	24⅜	26⅜	27⅛	26½	
High price	34⅜	30¼	33⅜	31⅛	29¼	28½	25⅞	26⅞	27⅛	31	30⅜	28¼	

Table showing shares of common stock of Erie Railroad Co. sold on New York Stock Exchange, shares transferred on company's books, and shares listed on exchange each month, 1906 to 1912, and also range of prices each month—Continued.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
1911.													
Shares sold	34,850	252,910	149,035	54,510	217,850	400,436	142,700	245,800	243,935	130,305	231,060	96,850	2,200,241
Shares transferred	32,894	81,983	118,461	117,332	110,687	145,204	73,513	101,169	21,630	53,957	66,342	35,907	959,079
Shares listed	1,123,789												
Low price	27⅛	28½	27⅛	28½	30½	33⅛	35½	27⅞	28⅛	29⅜	31	30	
High price	29½	32⅜	31¼	30⅜	34¼	38⅛	38⅜	36¼	31⅛	32⅜	34⅛	33½	
1912.													
Shares sold	93,616	87,300	730,288	422,750	193,800	97,550	94,750	192,550	174,435	160,700	70,522		2,320,131
Shares transferred	41,625	33,240	133,353	112,294	61,987	29,455	36,489	68,458	15,633	64,135	30,526		627,195
Shares listed	1,123,789												
Low price	30½	30½	31	36⅛	33⅜	33⅜	33½	35½	35	33½			
High price	32½	32	38	39⅛	36⅞	36	36⅛	38⅜	38½	38			

Ratio of shares sold to shares listed:

1906	4.23
1907	1.88
1908	2.84
1909	2.41
1910	.70
1911	1.96
1912	2.06
Whole period	2.28

Ratio of shares transferred to shares sold:

1906	0.218
1907	.384
1908	.236
1909	.284
1910	.664
1911	.436
1912	.270
Whole period	.303

Total shares sold for period	18,055,163
Total shares transferred for period	5,449,541

EXHIBIT 78, DECEMBER 11, 1912.

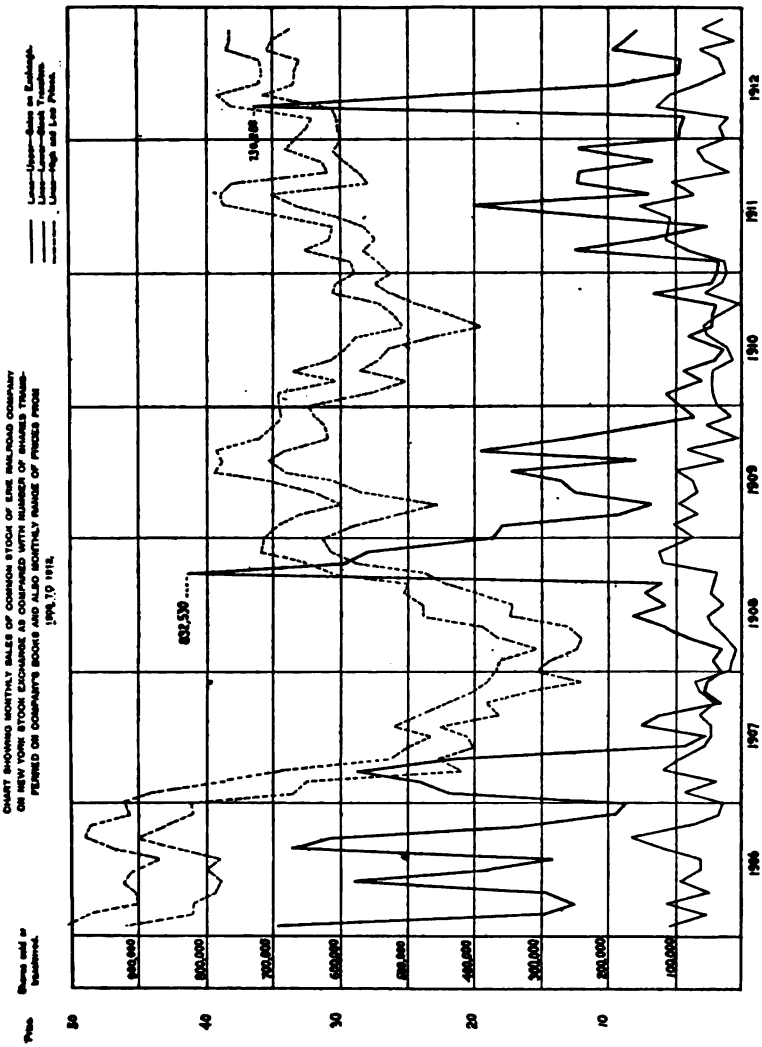


EXHIBIT 79, DECEMBER 11, 1912.

Shares of common stock of Erie Railroad Co. sold each day of the 13 most active months from 1906 to 1912, inclusive.

Day of month.	January, 1906.	May, 1906.	August, 1906.	September, 1906.	March, 1907.	September, 1908.	October, 1908.
1	.....	15,300	46,000	2,700	11,600	35,400	2,800
2	34,400	21,600	26,000	.....	2,000	33,000	10,500
3	27,500	13,400	25,600	.....	.....	11,400	9,000
4	20,700	11,800	7,100	15,000?	26,700	14,700	.....
5	10,200	26,000	.....	26,000	26,600	.....	71,700
6	15,100	.....	6,800	33,300	33,700	.....	50,600
7	.....	22,100	12,400	13,700	39,500	.....	47,400
8	29,800	31,100	8,000	53,800	34,800	52,600	63,400
9	13,200	15,600	14,100	.....	9,400	91,050	56,700
10	12,600	22,500	6,800	58,700	.....	85,400	9,200
11	8,500	29,300	2,500?	38,900	16,700	42,750	.....
12	107,300	3,700	.....	25,200	7,700	14,500	27,150
13	12,000	.....	4,800	19,900	30,800	.....	14,000
14	.....	17,000	12,100	38,400	19,000	24,310	20,200
15	58,400	11,600	15,700	23,000	14,800?	36,000	23,700
16	31,700	5,000	7,000	.....	9,900	31,600	8,050
17	19,000	43,200	32,200	22,100	.....	34,050	5,300
18	18,900	10,600	31,600	53,200	14,100	57,400	.....
19	41,800	2,500	.....	32,200	11,100	38,900	7,100
20	9,300	.....	62,100	24,100	4,800	.....	9,300
21	.....	6,000	58,200	8,400	11,000?	47,800	18,650
22	17,600	28,100	20,700	3,600	55,750	44,000	25,250
23	19,300	25,700	22,900	.....	12,500	39,630	3,700
24	27,600	51,600	19,800	11,400	.....	33,100	4,500
25	20,500	74,000	50,100	13,000	33,320	25,800	.....
26	36,300	12,700	.....	5,600	22,000	5,680	8,700
27	8,700	.....	42,100	16,300	73,700	.....	11,200
28	.....	30,900	30,700?	21,600	15,200	9,900	8,400
29	22,400	19,000?	25,900	6,200	14,800	11,100	5,950
30	36,000	.....	19,200	.....	.....	6,200	10,700
31	15,900	13,200?	13,900	.....	.....	.....	5,000
MONTHLY SUMMARY.							
Shares sold	696,885	579,145	672,750	611,950	574,795	832,530	595,550
Shares transferred	112,844	95,250	178,122	114,834	128,049	43,692	135,191
Shares listed	1,123,789	.....	.....	.....	.....	.....	.....
Low price	46⅝	38¼	42⅜	45	21⅞	23½	29⅝
High price	50⅛	47	47½	49⅜	34½	31½	32⅜

Shares of common stock of Erie Railroad Co. sold each day of the 13 most active months from 1906 to 1912, inclusive—Continued.

Day of month.	November, 1908.	December, 1908.	August, 1909.	June, 1911.	March, 1912.	April, 1912.
1	.....	5,250	.....	10,200	3,300	10,000
2	7,410	5,700	36,800	19,400	15,600	9,850
3	.....	4,600	12,710	25,500	.....	13,600
4	10,400	20,100	17,200	.....	22,100	9,400
5	40,500	7,600	5,600	27,250	35,800	.....
6	47,300	.....	10,500	14,200	26,900	.....
7	19,200	24,700	7,100	30,000	32,900	.....
8	.....	26,200	.....	17,900	11,550	15,300
9	42,100	15,300	12,100	30,300	1,100	30,900
10	43,200	8,700	8,150	10,800	.....	65,600
11	99,300	15,300	14,400	.....	11,800	76,800
12	26,100	7,900	21,700	23,200	2,250	39,000
13	21,000	.....	14,300	16,500	15,400	7,600
14	5,000	39,100	9,000?	9,100	65,800	.....
15	.....	16,400	.....	12,400	97,800	15,800
16	22,100	9,420	7,400	5,800	49,000	17,000
17	10,050	14,150	8,700	4,400	.....	17,400
18	11,300	16,100	10,700	.....	59,000	12,900
19	16,670	7,000	18,700	7,950	30,800	4,700
20	19,920	.....	10,000	7,100	29,600	1,400
21	5,900	26,000	5,600	4,000	18,100	.....
22	.....	11,200	.....	4,700	22,400	8,900
23	17,400	20,400	9,700	6,100	5,300	17,300
24	16,975	4,900	36,725	12,200	.....	7,300
25	23,800	.....	22,300	.....	28,000	6,100
26	.....	.....	15,900	13,700	16,000	13,950
27	9,020	.....	32,300	25,700	16,600	2,500
28	3,000	15,900	4,200	20,000	22,400	.....
29	.....	16,500	.....	8,200	38,300	11,300
30	5,900	4,600	9,400	25,900	10,600?	3,600
31	.....	3,600	5,300	.....	.....	.....
MONTHLY SUMMARY.						
Shares sold	557,100	375,790	389,035	400,436	730,288	422,750
Shares transferred	138,312	79,874	76,241	145,204	133,353	112,294
Shares listed	1,123,789	.....	.....	.....	.....	.....
Low price	30⅞	31⅜	34	33⅛	31	36⅛
High price	36	35½	38⅛	38⅞	38	39⅛

EXHIBIT 80, DECEMBER 11, 1912.

Shares of common stock of United States Steel Corporation sold each day of the 13 most active months from 1906 to 1912, inclusive.

Day of month.	August, 1906.	March, 1907.	August, 1909.	September, 1909.	October, 1909.	January, 1910.	February, 1910.
1	150,600	52,070	.....	94,400	246,000	.....	164,000
2	75,000	21,100	76,350	138,000	125,600	.....	209,500
3	77,800	.....	106,400	202,765	.....	193,200	454,600
4	34,600	123,100	84,000	.....	244,100	274,700	278,800
5	.....	140,000	76,000	.....	427,600	243,800	100,500
6	96,300	227,750	93,200	.....	626,100	206,600	.....
7	84,900	155,400	90,500	157,183	305,400	246,900	333,200
8	34,400	316,000	.....	177,300	309,100	102,700	309,300
9	42,600	128,600	129,000?	167,200	139,600	.....	220,600
10	27,100	.....	73,750	310,700	.....	116,600	188,700
11	15,200	179,000	103,400	86,000	300,300	160,200?	154,700
12	.....	116,075	127,500	.....	.....	187,700	.....
13	70,900	285,400	176,500	126,300	262,550	320,200	.....
14	69,800	324,700	127,400	101,800	351,000	270,900	143,600
15	21,700	152,100	.....	206,430	419,700	208,200	127,200
16	42,100	97,500	139,450	259,700	165,200	.....	98,500
17	225,200	.....	180,760	178,500	.....	289,400	139,800
18	150,200	165,770	181,800	60,260	260,500	380,100	130,700
19	.....	131,300	189,200	.....	228,300	322,600?	85,700
20	205,700	82,100	257,200	130,800	292,800	239,800	.....
21	135,700	53,700	89,000	210,000	311,640	305,600	106,200
22	402,600	79,800	.....	238,300	279,100	267,100	.....
23	289,400	87,000	137,900?	162,700	173,200	.....	79,500
24	154,400	.....	143,400	119,400	.....	349,400	81,200
25	92,400	209,500	208,950	.....	259,650	449,000	137,300
26	.....	143,900	197,200	.....	289,800	239,100	41,600
27	141,100	118,700	266,800	191,300	277,900	283,900?	.....
28	147,500	61,700	113,400	227,500	238,900	196,100	104,100
29	149,600	91,400	.....	258,200	212,500	101,900	.....
30	87,200	.....	150,700	155,502	50,400	.....	.....
31	54,800	.....	113,700	.....	.....	115,400	.....
MONTHLY SUMMARY.							
Shares sold	3,136,598	3,564,805	3,777,615	3,848,690	6,722,779	6,078,415	3,680,260
Shares transferred	1,431,228	858,192	890,878	874,439	879,203	752,045	963,693
Shares listed	5,084,952	.....	.....	.....	.....	.....	.....
Low price	39½	31½	73½	75½	85½	81½	75
High price	47½	44¼	78⅜	90½	94⅜	91	82½

EXHIBIT 81, DECEMBER 11, 1912.

Shares of common stock of United States Steel Corporation sold each day of the 13 most active months from 1906 to 1912, inclusive.

Day of month.	March, 1910.	April, 1910.	June, 1910.	September, 1911.	October, 1911.	November, 1911.
1	134,800	56,900	273,800	53,300	.....	335,000
2	217,300	24,000	171,000	.....	164,800	230,500
3	190,100	.....	334,300	.....	178,400	140,000
4	114,300	84,900	161,200	.....	194,800	57,300
5	52,100	125,700	.....	71,000	130,000	.....
6	.....	1,440	234,000	56,500	159,700	165,550
7	283,000	78,300	244,600	56,500	117,600	.....
8	224,000	181,700	207,410	118,950	.....	183,700
9	212,300?	83,400	109,800	65,500	113,750	408,900
10	165,700	.....	115,600	.....	69,500	360,900
11	241,700	239,350	52,300	165,400	56,800	125,900
12	50,500	200,900	.....	101,830	.....	.....
13	.....	239,800	80,700	144,300?	73,450	241,200
14	126,825	158,000	59,300	230,800	62,800	196,800
15	157,500	118,600	68,800	121,000	.....	182,900
16	179,500	47,500	83,000	70,720	133,600	169,900
17	132,300	.....	82,300	.....	116,400	250,800
18	132,800	162,800	27,200	1,372	162,700	69,300
19	55,500	163,200	.....	119,900	210,900?	.....
20	.....	256,100	43,600	249,650	288,800	163,300?
21	92,800	145,000	54,300	572,100	80,100	88,700
22	70,900	225,100	90,400	717,800	.....	76,800
23	125,700	49,400	58,700	165,150	118,600	82,200
24	63,500	.....	106,600	.....	37,200	137,000
25	.....	155,900	35,500	401,200	65,200	35,900
26	.....	198,000	.....	442,200	135,800	.....
27	.....	285,100	269,300	721,800	690,300	166,700
28	139,000	324,900	158,900	590,650	140,100	141,050
29	163,400	183,000	215,800	356,400	.....	144,800
30	170,000	102,400	322,300	84,600	263,700	.....
31	136,000	.....	.....	.....	139,800	.....
MONTHLY SUMMARY.						
Shares sold	3,618,585	4,043,560	3,522,913	5,793,850	3,893,935	4,164,050
Shares transferred	1,198,321	463,270	882,510	475,755	464,413	867,537
Shares listed	5,084,952	.....	.....	.....	.....	.....
Low price	81⅛	79⅜	68½	51⅞	50	55⅜
High price	89⅜	88⅜	79⅞	72	62⅜	65⅞

MONEY TRUST.

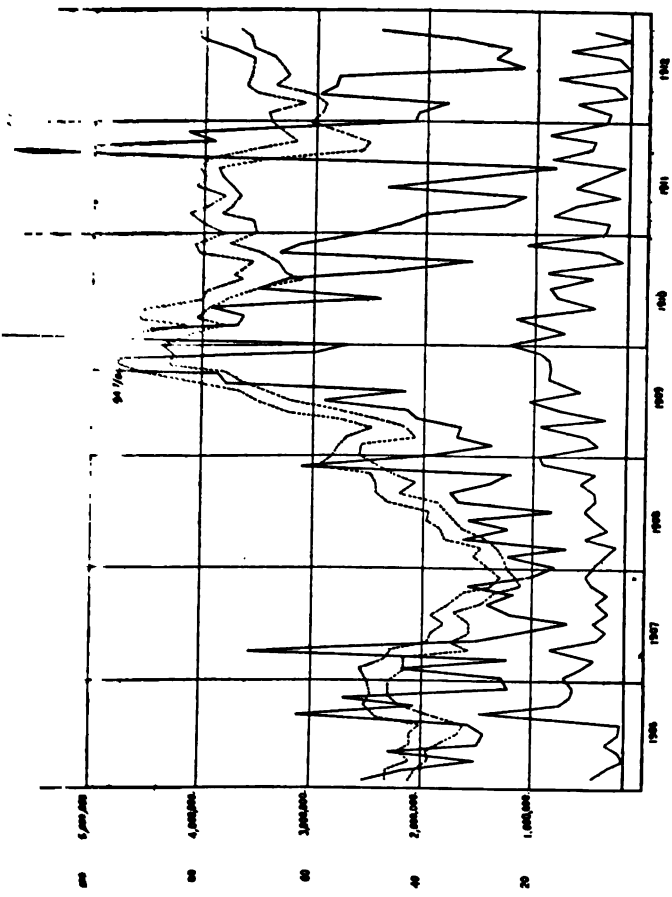


EXHIBIT 83, DECEMBER 11, 1912.

Table showing shares of common stock of United States Steel Corporation sold on New York Stock Exchange, shares transferred on company's books, and shares listed on exchange each month, 1906 to 1912, and also range of prices each month.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
1906.													
Shares sold	2,509,500	2,159,949	1,499,761	2,302,750	1,480,245	1,435,705	1,583,580	3,136,598	2,061,900	2,772,060	1,236,074	1,300,220	23,478,339
Shares transferred	478,987	336,637	187,196	251,428	340,080	269,514	251,188	1,431,228	783,573	650,277	618,747	717,892	6,316,747
Shares listed	5,084,952			5,084,952									
Low price	42	40⅜	38⅜	39	36½	33⅜	32⅜	39½	43⅜	45⅜	45½	46⅜	
High price	46¼	46⅜	41⅞	44⅛	42	42	40	47⅞	47½	50¼	49½	48⅜	
1907.													
Shares sold	2,200,785	1,227,628	3,564,805	1,495,275	1,132,200	687,016	1,209,575	1,420,485	1,172,958	1,636,160	1,021,624	820,006	17,594,523
Shares transferred	551,967	460,656	858,192	418,226	355,062	445,833	312,006	404,570	321,287	498,553	505,521	475,171	5,607,043
Shares listed	5,084,952			5,084,952			5,084,952			5,084,952			
Low price	42⅜	42⅛	31½	35½	31⅜	31⅞	35½	29½	26⅜	21⅞	22½	24½	
High price	50⅜	46½	44¾	39⅜	38½	35⅜	39	35⅞	33⅜	27⅛	22½	28¼	
1908.													
Shares sold	1,221,859	674,621	1,653,412	1,205,354	1,618,748	846,205	1,739,930	1,809,322	1,404,220	1,218,961	3,114,641	1,956,679	18,463,952
Shares transferred	367,448	267,198	521,039	313,942	479,449	525,544	444,805	469,000	571,141	417,737	915,056	957,319	6,249,678
Shares listed	5,084,952												
Low price	25⅜	26½	28½	32⅜	35½	36½	37⅜	44	41½	45	47½	51½	
High price	31½	29½	36½	37	39⅜	39⅜	45⅞	48	48½	48⅜	58¾	56½	
1909.													
Shares sold	1,394,218	1,738,761	1,705,150	2,067,939	2,150,227	2,921,736	2,158,740	3,777,615	3,848,690	6,722,779	2,980,340	2,669,577	34,135,772
Shares transferred	417,216	522,374	947,521	322,562	794,209	1,051,906	591,566	890,878	874,439	879,203	943,815	1,222,360	9,458,039
Shares listed	5,084,952			5,084,952			5,084,952			5,084,952			
Low price	51½	41½	42⅞	48⅞	54½	64	67⅜	73½	75⅜	85¼	85½	86⅜	
High price	55⅜	53¾	49½	55	64⅜	69⅞	74½	78⅜	90⅜	94⅛	93⅜	92⅜	
1910.													
Shares sold	6,078,415	3,680,260	3,618,585	4,043,560	2,396,935	3,522,913	3,191,005	2,295,220	1,592,990	3,319,120	3,110,700	2,563,681	39,413,384
Shares transferred	752,045	963,693	1,198,321	463,270	798,662	882,510	494,201	897,778	249,501	375,702	1,039,926	381,585	8,497,194
Shares listed	5,084,952			5,084,952			5,084,952			5,084,952			
Low price	81½	75	81½	79⅜	75⅞	68⅜	61½	65½	66⅞	68⅜	75½	70	
High price	91	82½	89⅜	88⅜	80	79⅞	72⅜	73⅜	70½	80½	81⅛	75½	
1911.													
Shares sold	2,226,765	1,973,740	1,312,920	1,087,880	2,350,939	1,755,485	828,327	3,750,778	5,793,850	3,893,935	4,164,050	2,126,439	31,265,108
Shares transferred	314,827	844,574	502,875	252,233	709,571	411,677	220,222	857,898	475,755	464,413	867,537	356,228	6,277,810
Shares listed	5,084,952												
Low price	71⅜	76⅜	74⅜	72⅜	74½	75⅜	77⅜	69½	51⅜	50	55⅜	60½	
High price	80	82⅜	79½	78⅜	81½	80	80½	79⅛	72	62⅜	65⅞	69⅜	

Ratio of shares sold to shares listed:			
1906	4.01	[illegible]	[illegible]
1907	3.46	[illegible]	[illegible]
1908	3.03	[illegible]	[illegible]
1909	6.71	1909	.211
1910	7.74	1910	.216
1911	6.14	1911	.201
1912	4.34	1912	.211
Whole period	5.19	Whole period	.251

EXHIBIT 83–A AND 83–B, DECEMBER 11, 1912.

Table showing shares of common stock of Amalgamated Copper Co. sold on New York Stock Exchange, shares transferred on company's books, and shares listed on exchange each month, 1900 to 1912, and also range of prices each month.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
1900.													
Shares sold											135,382	351,753	487,135
Shares transferred													
Shares listed [1]													
Low price											93⅛	89⅛	
High price											99½	96¼	
1901.													
Shares sold	293,398	165,114	626,024	1,869,647	681,290	587,795	363,939	303,995	1,728,734	1,420,790	1,170,332	2,554,980	11,826,038
Shares transferred													
Shares listed [1]	750,000												
Low price	83⅜	87½	94½	99⅞	90	118½	109	110	88⅜	83½	72½	60½	
High price	94¼	95	103½	128½	125	130	124½	122⅜	120	92½	89	76⅜	
1902.													
Shares sold	1,021,967	1,058,969	811,430	781,134	588,227	263,590	351,751	167,360	391,070	289,815	684,357	608,902	7,018,573
Shares transferred													
Shares listed [1]	1,485,402												
Low price	67⅜	67½	61	63½	65	62½	62	65	63⅞	62	53	53⅛	
High price	78	79	70½	68½	71⅞	69¼	68½	68⅜	71⅛	67½	65½	64⅜	
1903.													
Shares sold	591,660	960,650	1,434,612	634,735	667,870	835,495	936,926	993,507	709,650	1,548,351	575,870	1,522,847	11,412,173
Shares transferred													
Shares listed [1]	1,538,880												
Low price	62½	66½	64⅜	60	56⅛	51	35½	37	37⅜	33⅜	35⅜	38	
High price	67⅜	75½	75⅜	67½	67½	58⅜	56½	52⅜	50	42⅜	39⅜	52⅜	
1904.													
Shares sold	1,142,685	864,612	633,920	507,152	475,480	218,208	624,790	629,324	602,265	1,320,634	2,032,645	2,713,540	11,765,345
Shares transferred													
Shares listed [1]	1,538,880												
Low price	47½	43½	44⅜	47⅞	46⅛	48⅜	49⅜	51	56½	58½	68	58½	
High price	52	51⅞	50½	52½	51⅜	50½	54½	53½	59⅜	71½	81⅜	82¼	

[1] Represents stock outstanding. Stock was not on official list of Stock Exchange until Feb. 14, 1910

Table showing shares of common stock of Amalgamated Copper Co. sold on New York Stock Exchange, shares transferred on company's books, and shares listed on exchange each month, 1900 to 1912, and also range of prices each month—Continued.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
1905.													
Shares sold	1,363,860	788,675	1,553,540	2,552,869	1,437,710	922,585	721,100	1,073,610	826,940	800,515	1,634,357	3,867,973	17,543,734
Shares transferred [1]													
Shares listed [1]	1,538,880												
Low price	70	73¼	76	78¼	75	77½	81¾	82⅜	79⅜	81½	78½	89	
High price	77½	77⅞	81⅜	80⅞	84⅞	84⅜	84¼	88¼	84½	86½	90¾	111⅜	
1906.													
Shares sold	4,212,405	2,832,620	2,584,201	3,445,300	3,194,810	2,076,145	1,761,560	2,865,600	2,611,795	2,091,275	1,175,965	1,437,450	30,289,126
Shares transferred	873,166	134,383	259,623	783,972	79,270	195,352	556,386	121,008	213,584	648,773	101,805	198,066	4,165,388
Shares listed [1]	1,538,880												
Low price	103¾	107	100	100⅜	96	96½	92⅜	103¾	108⅜	109½	108¾	110⅜	
High price	115½	118¼	109½	115⅜	111⅜	110⅜	101¾	111½	115½	117⅛	114¾	116½	
1907.													
Shares sold	2,601,990	1,205,182	3,103,878	1,912,120	1,261,340	794,945	1,239,486	1,661,660	1,683,566	1,701,685	734,680	1,079,235	18,979,767
Shares transferred	669,361	104,752	248,641	555,456	51,450	145,360	379,152	188,738	191,826	373,168	160,799	137,243	3,205,946
Shares listed [1]	1,538,880												
Low price	110⅜	108½	78½	89	83½	80⅜	85⅜	65	56½	41⅜	44½	42	
High price	121⅛	115½	111½	99⅛	98½	87⅜	94	86½	74½	60⅜	52	52¼	
1908.													
Shares sold	1,177,360	925,645	1,182,465	590,300	1,101,540	428,195	678,680	946,715	648,028	477,757	833,970	711,775	9,702,430
Shares transferred	281,283	94,291	157,245	206,364	86,293	142,295	247,193	138,892	104,025	249,500	109,384	105,248	1,922,013
Shares listed [1]	1,538,879												
Low price	45½	45½	49½	56⅜	59½	64⅜	65⅜	74⅛	68⅛	72	79⅜	75⅛	
High price	53⅜	52½	62½	62⅛	69½	68½	77⅞	83⅜	81⅜	80⅞	88⅜	85½	
1909.													
Shares sold	611,800	834,513	806,535	527,855	572,296	619,885	384,435	608,844	633,525	1,065,843	2,450,255	798,650	7,914,436
Shares transferred	284,058	82,062	114,965	222,645	133,589	163,413	253,169	95,753	127,081	325,931	203,353	163,274	2,169,293
Shares listed													
Low price	73	65	66½	73⅜	76½	77½	79	82½	77	77⅜	83⅜	85½	
High price	84⅜	77⅜	75⅜	78½	85⅛	88⅜	85	89⅜	85	87⅛	96⅞	91⅜	
1910.													
Shares sold	995,230	807,175	854,000	860,500	826,810	1,158,510	1,045,860	452,685	296,695	485,625	223,350	370,220	8,476,660
Shares transferred	410,531	108,910	118,961	276,708	71,823	160,170	241,280	74,078	37,592	172,370	45,959	60,003	1,778,385
Shares listed	[2] 1,550,000												
Low price	77⅜	70½	72⅛	66⅛	63⅛	57½	55½	60	60¼	64	65½	60⅜	
High price	90⅜	82⅜	84⅜	78⅜	72⅜	68⅜	64	68	64⅜	71⅞	72	65⅜	

1911.													
Shares sold	275,755	233,490	133,445	182,600	295,355	326,280	108,850	382,495	592,375	258,180	404,496	52,090	3,574,411
Shares transferred	124,200	52,744	40,370	101,404	13,982	57,456	119,091	54,884	56,033	137,462	49,989	39,180	847,495
Shares listed	1,550,000												
Low price	61	62½	61⅜	59⅜	62½	65½	66⅞	50⅞	44	48⅛	52½	58⅜	
High price	65⅜	67⅜	65	64½	68⅜	71⅛	70½	67⅛	59⅜	54⅜	64½	67⅜	
1912.													
Shares sold	240,005	330,080	1,244,875	1,115,490	765,320	510,430	490,810	570,850	515,310	908,100			6,691,870
Shares transferred	141,670	41,866	159,794	378,263	56,886	96,544	229,940	78,131	76,705	290,894			1,550,693
Shares listed	1,550,000												
Low price	61	60	67⅜	80½	79⅜	81½	79⅜	82	84⅞	81½			
High price	67½	68	81⅜	85	84⅜	88	80⅜	88⅜	92⅜	92⅜			

[1] Represents stock outstanding. Stock was not on official list of Stock Exchange until Feb. 14, 1910.

[2] Up to Feb. 14, 1910, capital stock was on the unlisted department of the New York Stock Exchange (1,538,879 shares), but on said date was listed on the New York Stock Exchange official list.

Ratio of shares transferred to shares sold:

1906	0.137
1907	.168
1908	.198
1909	.274
1910	.209
1911	.237
1912	.231

Ratio of shares sold to shares listed:

1901	10.58
1902	4.65
1903	7.42
1904	7.64
1905	11.40
1906	19.65
1907	12.31

atio of shares sold to shares listed—Continued.

1908	6.30
1909	5.14
1910	5.50
1911	2.30
1912	4.32
Whole period	8.05

Total shares sold, 1906–1912 ..... 85,628,700.

Total shares transferred ..... 15,639,213.

EXHIBIT 89-C, DECEMBER 11, 1912.

CHART SHOWING MONTHLY SALES OF COMMON STOCK OF AMALGAMATED COPPER COMPANY ON NEW YORK STOCK EXCHANGE AS COMPARED WITH NUMBER OF SHARES TRANSFERRED ON COMPANY'S BOOKS AND ALSO MONTHLY RANGE OF PRICES FROM 1900 TO 1912

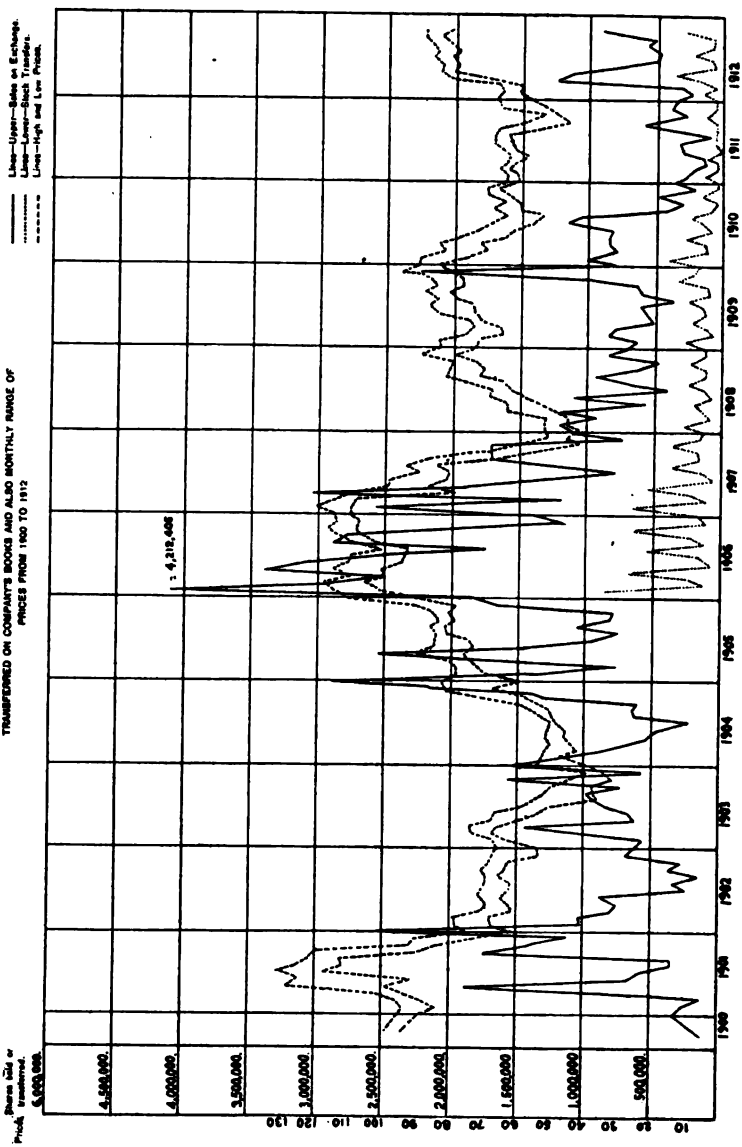


EXHIBIT 83-D, DECEMBER 11, 1912.

Shares of common stock of Amalgamated Copper Co. sold each day of the 13 most active months from 1906 to 1912, inclusive.

Day of month.	January, 1906.	February, 1906.	March, 1906.	April, 1906.	May, 1906.	June, 1906.	August, 1906.
1	.....	282,000	101,600	.....	191,200	26,300	89,800
2	157,000	372,300	156,900	133,100	303,900	11,300	89,600
3	150,100	116,100	98,800	140,300	239,700	.....	128,600
4	202,100	.....	.....	100,800	326,600	66,400	36,700
5	219,700	163,000	272,000	96,200	97,200	68,300	.....
6	90,600	110,900	180,900	151,100	.....	40,300	59,300
7	.....	98,900	109,600	35,500	165,400	82,700	42,300
8	81,100	98,900	88,000	.....	141,700	50,300	43,100
9	92,300	54,100	165,600	99,700	125,100	33,600	79,200
10	200,400	74,300	65,700	170,200	115,200	.....	36,000
11	136,000	.....	.....	169,200	133,800	47,100	41,500
12	229,300	.....	75,600	97,700	75,400	41,200	.....
13	91,400	196,600	124,400	91,100	.....	42,700	49,100
14	.....	170,900	76,600	91,400	188,000	125,300	42,900
15	159,000	113,900	52,900	.....	173,400	100,600	57,600
16	158,400	127,900	30,000	148,300	172,700	45,700	118,700
17	258,600	87,300	190	132,700	144,000	.....	119,700
18	263,000	.....	.....	245,000	71,400	77,700	107,200
19	129,100	110,500	150,500	217,200	11,300	6,100?	.....
20	70,900	85,600	95,300	146,700	.....	44,000	225,900
21	.....	111,300	116,100	52,600	26,600	74,500	178,700
22	73,500	.....	72,400	.....	30,000	73,600	106,800
23	213,100	46,500	49,700	165,600	111,400	60,800	172,100
24	109,600	17,200	16,000	156,100	88,800	.....	138,100?
25	119,100	.....	.....	104,500	89,400	178,000	70,300
26	124,100	67,600	84,500	160,900	22,400	178,500	.....
27	96,700	61,900	132,100	249,700	.....	178,000?	165,400
28	.....	158,400	66,200	118,600	43,100	160,700	150,600
29	183,000	.....	69,600±	.....	21,200	124,100	151,600
30	195,700	.....	52,000	132,000	.....	52,700	142,800
31	293,000	.....	26,000	.....	32,000	.....	57,300
MONTHLY SUMMARY.							
Shares sold	4,212,405	2,832,620	2,584,201	3,445,300	3,194,810	2,076,145	2,985,600
Shares transferred	873,166	134,383	259,623	783,972	79,270	195,352	121,008
Shares listed	.....	.....	.....	.....	.....	.....	.....
Low price	108⅞	107	100	100⅜	96	95½	103⅝
High price	115⅝	118½	109½	115⅝	111⅜	110⅝	111½

EXHIBIT 83–E, DECEMBER 11, 1912.

Shares of common stock of Amalgamated Copper Co. sold each day of the 13 most active months from 1906 to 1912, inclusive.

Day of month.	September, 1906.	October, 1906.	December, 1906.	January, 1907.	March, 1907.	April, 1907.
1	42,300	72,000	18,000	.....	88,250	136,320
2	.....	84,000	.....	38,900	20,400	121,900
3	.....	31,700	78,300	99,700	.....	38,010
4	78,100?	45,700	60,200	143,800	96,700	101,700
5	157,200	88,500	64,500	156,000	154,882	117,000
6	233,000?	52,600	48,500	.....	199,950	80,300
7	119,900	.....	38,100	138,200	90,300	.....
8	46,200	100,700	13,500	124,700	145,200	101,400
9	.....	70,900	.....	61,100	70,100	103,550
10	106,000	80,100	53,100	63,200	.....	114,100
11	91,200	61,200	90,100	87,500	84,150	90,700
12	77,800	44,000	78,500	50,800	60,020	84,300
13	140,800	28,400	81,100	.....	216,760	54,100
14	113,100	.....	96,000	87,500	260,825	.....
15	43,200	43,400	33,500	62,900	2,147,005	89,950
16	.....	69,400	.....	184,700	103,700	70,060
17	216,400	130,600	61,600	173,800	.....	77,800
18	125,500	208,600	86,600	206,700	125,260	24,650
19	141,100	177,100	116,000	92,900	192,700	22,450
20	58,000	90,200	48,600	.....	111,170	12,100
21	106,500	.....	40,700	132,100	60,050	.....
22	30,600	136,000	30,200	92,700	79,200	66,610
23	.....	100,200	.....	56,200	72,221	67,610
24	107,100	55,200	59,600	50,100	.....	54,000
25	169,900	113,800	.....	74,700	192,500	30,100
26	160,400	86,700	54,100?	73,100	161,700	24,420
27	164,900	20,000	66,200	.....	117,100	15,150
28	143,700	.....	45,700	95,000	70,700	.....
29	45,000	28,500	23,300	85,200	88,600	34,825
30	.....	16,400	.....	104,100	.....	54,200
31	.....	26,000	40,600	87,000	.....	.....
MONTHLY SUMMARY.						
Shares sold	2,611,795	2,091,275	1,437,450	2,601,990	3,103,878	1,912,120
Shares transferred	213,584	648,773	198,066	669,361	248,641	555,456
Shares listed	.....	.....	.....	.....	.....	.....
Low price	108⅜	109½	110⅛	110⅜	78½	89
High price	115½	117½	115½	121⅞	111½	99⅝

EXHIBIT 84, DECEMBER 11, 1912.

Shares of common stock of Union Pacific Railroad Co., sold each day of the 13 most active months from 1906 to 1912, inclusive.

Day of month.	January, 1906.	February, 1906.	March, 1906.	April, 1906.	May, 1906.	August, 1906.	March, 1907.
1	.....	226,000	127,300	.....	209,100	156,400	98,360?
2	129,500	262,400	142,900	116,800	298,000	245,000	36,700
3	115,000	145,500	88,000	135,600	163,700	138,300	.....
4	209,000	.....	.....	149,200	164,900	37,400	146,225
5	243,700	146,500	157,700	104,700	162,200	.....	187,700
6	205,700	118,900	101,400	154,000	.....	100,400	227,300
7	.....	123,100	69,500	58,400	118,800	64,200	213,400
8	141,000	150,700	96,200	.....	156,400	74,200	301,200
9	168,000	142,300	117,500	135,000	178,000	100,100	105,600
10	133,800	50,300	51,600	199,500	154,800	84,300	.....
11	294,200	.....	.....	175,000	167,700	36,000	135,600
12	214,300	.....	71,100	113,700	37,600	.....	123,300
13	69,000	107,800	59,100	52,700	.....	88,800	439,500
14	.....	177,000	58,300	58,200	116,000	60,100	389,250
15	141,700	155,800	34,600	.....	172,000	217,100	225,700
16	103,700	156,000	31,100	84,700	90,600	291,900	96,000
17	266,700	119,000	8,800	104,300	71,900	582,200	.....
18	109,700	.....	.....	194,200	62,100	252,100	157,700
19	156,700	113,600	51,200	238,000	11,000	.....	206,850
20	57,500	107,800	42,000	158,000	.....	290,100	150,900
21	.....	121,700	50,600	55,200	30,400	166,100	500?
22	120,100	.....	48,800	.....	30,500	182,700	106,600
23	199,300	128,300	76,100	153,200	68,700	118,500	105,100
24	334,700	87,200	20,400	193,400	56,000	233,100	.....
25	224,100	.....	.....	142,700	81,200	149,300	15,500?
26	112,500	160,000	50,100	205,700	17,400	.....	126,200
27	42,600	144,300	57,900	274,500	.....	166,000	159,450
28	.....	236,600	73,900	148,800	26,500	245,400	121,900
29	184,200	.....	101,400	.....	22,900	241,800	119,200
30	243,500	.....	126,500	161,900	.....	354,100?	.....
31	184,900	.....	82,600	.....	50,000	180,700?	.....
MONTHLY SUMMARY.							
Shares sold	4,560,365	3,238,631	2,019,451	3,579,954	2,613,840	4,881,650	4,203,735
Shares transferred	.....	.....	.....	.....	.....	.....	.....
Shares listed	1,896,209	.....	.....	.....	.....	.....	1,954,791
Low price	148	148½	149⅜	144½	138½	153	120½
High price	160½	158⅜	157½	159⅜	151⅜	191⅜	171⅜

EXHIBIT 85, DECEMBER 11, 1912.

Shares of common stock of Union Pacific Railroad Co., sold each day of the 13 most active months from 1906 to 1912, inclusive.

Day of month.	April, 1907.	May, 1907.	May, 1908.	August, 1909.	August, 1911.	September, 1911.
1	143,000	123,400	121,700	.....	21,950	38,950
2	125,200	25,770	71,900	57,600	74,950	.....
3	124,900	181,900	.....	73,200	71,200	.....
4	155,250	73,800	115,690	71,000	112,800	.....
5	184,100	.....	76,800	28,400	90,900	50,800
6	635?	167,420	130,900	35,500	.....	77,900
7	.....	148,425	101,500	63,200	93,300	105,200
8	124,300	79,050	159,000	.....	140,000	144,050
9	196,500	276,100	62,000	82,600	125,900	74,800
10	138,100	194,870	.....	61,250	196,900	.....
11	188,900	26,500	123,200	90,400	163,100	161,400
12	171,800	.....	111,920	21,200	158,600	96,300?
13	138,000	132,900?	132,100	215,300	.....	143,525
14	.....	127,250	127,500	91,300	164,400	171,900
15	191,750	186,400	170,700	.....	100,500	99,300
16	106,200	83,000	84,200	181,450	217,300	58,500
17	166,000	90,400	.....	174,600	20,800	.....
18	58,700	36,900	186,550	189,500	96,900	100,500
19	37,100	.....	227,400	189,600	42,500	71,880
20	26,400	148,700	243,437	218,300	.....	123,250
21	.....	211,000	216,500	63,200	144,860	151,700
22	132,660	180,800	221,750	.....	155,700	146,800
23	207,770	100,875?	187,100	131,655	75,260	57,800
24	198,350	117,000	.....	107,800	148,450	.....
25	137,800	31,300	206,200	200,700	122,500	277,400
26	119,900	.....	184,700	243,900	49,600	179,200
27	44,700	150,050	178,100	238,800	.....	279,500
28	.....	118,900	121,735	122,400	95,400	242,400
29	188,740	112,500	74,320	.....	84,252	125,100
30	216,010	.....	.....	184,400	91,100	43,400
31	.....	81,150	.....	68,100	53,600	.....
MONTHLY SUMMARY.						
Shares sold	3,660,950	3,508,127	3,661,844	3,418,282	3,088,520	2,068,53
Shares transferred	.....	.....	.....	.....	.....	.....
Shares listed	1,954,799	.....	1,954,899	.....	.....	.....
Low price	132⅜	131⅛	134⅛	194½	165¼	153¼
High price	148⅞	150¼	151½	219	189½	170⅛

Exhibit 86, December 11, 1912.

Table showing shares of common stock of Union Pacific Railroad Co. sold on New York Stock Exchange, shares transferred on company's books, and listed on exchange each month, 1906 to 1912, and also range of prices each month.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
1906.													
Shares sold	4,560,365	3,238,631	2,019,451	3,579,954	2,613,840	1,974,795	1,789,759	4,881,650	2,930,950	2,851,760	2,896,175	2,643,600	35,980,930
Shares transferred													
Shares listed	1,886,209									1,954,791			
Low price	148	148⅜	149½	144½	138½	141½	139⅜	153	181½	180½	179½	177½	
High price	160½	158⅝	157½	159⅜	151⅝	153	152⅜	191⅛	195⅝	191½	190⅝	188½	
1907.													
Shares sold	2,589,315	2,055,370	4,208,735	3,660,950	3,508,127	1,971,095	2,660,080	3,066,520	2,465,985	2,871,975	1,494,438	1,652,599	32,200,189
Shares transferred													
Shares listed	1,954,791			1,954,799						1,954,899			
Low price	168⅛	168⅛	120½	132⅜	131⅛	128⅛	135⅛	120½	125½	100	106⅜	113½	
High price	183	177½	171½	148½	150⅝	139½	148	144⅛	134½	129⅜	116½	120½	
1908.													
Shares sold	1,865,408	1,530,318	2,983,630	2,135,560	3,661,844	2,568,770	2,401,105	2,691,195	2,840,340	2,957,888	3,218,786	2,567,540	31,422,384
Shares transferred													
Shares listed	1,954,899												
Low price	116½	110⅞	110½	123⅜	134⅜	141⅞	145	154⅜	149⅜	158½	172½	174½	
High price	128⅜	123⅛	129	138½	151⅛	150	155⅞	164⅛	168⅜	173⅛	184⅜	184⅛	
1909.													
Shares sold	1,747,950	1,274,060	1,570,486	1,982,720	1,487,470	1,963,670	1,320,125	3,418,282	2,358,185	2,244,475	1,138,025	900,650	21,406,098
Shares transferred													
Shares listed	2,101,045												
Low price	175⅜	172½	173½	184⅜	186	187⅞	193	194⅛	193½	197	199½	197⅜	
High price	184⅛	181½	185⅛	189⅛	190⅜	195	201⅛	219	210⅞	209⅛	205	204½	
1910.													
Shares sold	2,231,105	1,688,120	1,540,902	1,431,285	1,258,970	1,997,600	2,210,900	1,726,910	1,066,825	1,653,610	625,022	1,337,300	18,768,459
Shares transferred													
Shares listed													
Low price	183½	178⅛	181⅞	177⅛	175⅜	155½	152½	157⅞	162⅛	166⅜	172	165½	
High price	204⅛	188⅛	193⅛	189⅞	186	178⅛	163⅛	171½	167⅛	177	179	172	

Table showing shares of common stock of Union Pacific Railroad Co. sold on New York Stock Exchange, shares transferred on company's books, and listed on exchange each month, 1906 to 1912, and also range of prices each month—Continued.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
1911.													
Shares sold	1,078,075	912,050	742,370	489,010	1,180,625	983,900	795,770	3,088,520	3,068,530	1,451,450	2,065,670	1,020,210	14,876,180
Shares transferred													
Shares listed	2,165,797			2,165,797			2,166,298			2,166,452			
Low price	169⅜	174½	170⅜	173⅛	176⅛	183⅛	184⅞	165½	153½	153⅛	164⅛	169⅜	
High price	178½	181⅛	178½	177⅞	186	190½	192⅜	189⅜	170⅜	164½	178⅜	175⅛	
1912.													
Shares sold	1,648,025	934,680	1,076,812	986,344	864,975	398,420	583,610	547,100	624,195	767,925			9,160,156
Shares transferred	120,491	226,321	169,491	100,799	255,254	78,218	71,521	91,122	96,261	89,407	171,954		1,470,839
Shares listed	2,166,452												
Low price	161½	160	163⅞	170⅛	166⅛	166⅛	163⅛	169⅞	167	167⅜			
High price	174½	166¼	172½	175⅜	173¼	171⅜	170⅜	174½	176¼	175⅜			

Ratio of shares sold to shares listed:

1906	18.91
1907	16.47
1908	16.07
1909	10.13
1910	8.93
1911	6.86
1912	4.22
Whole period	11.45

Ratio of shares transferred to shares sold:

1912	0.160

Total shares sold for period 163,814,396

EXHIBIT 87, DECEMBER 11, 1912.

CHART SHOWING MONTHLY SALES OF COMMON STOCK OF UNION PACIFIC RAILROAD CO. TOGETHER WITH STOCK EXCHANGE AS COMPARED WITH NUMBER OF SHARES TRANSFERRED ON COMPANY'S BOOKS AND ALSO MONTHLY RANGE OF PRICES FROM 1900 TO 1912.

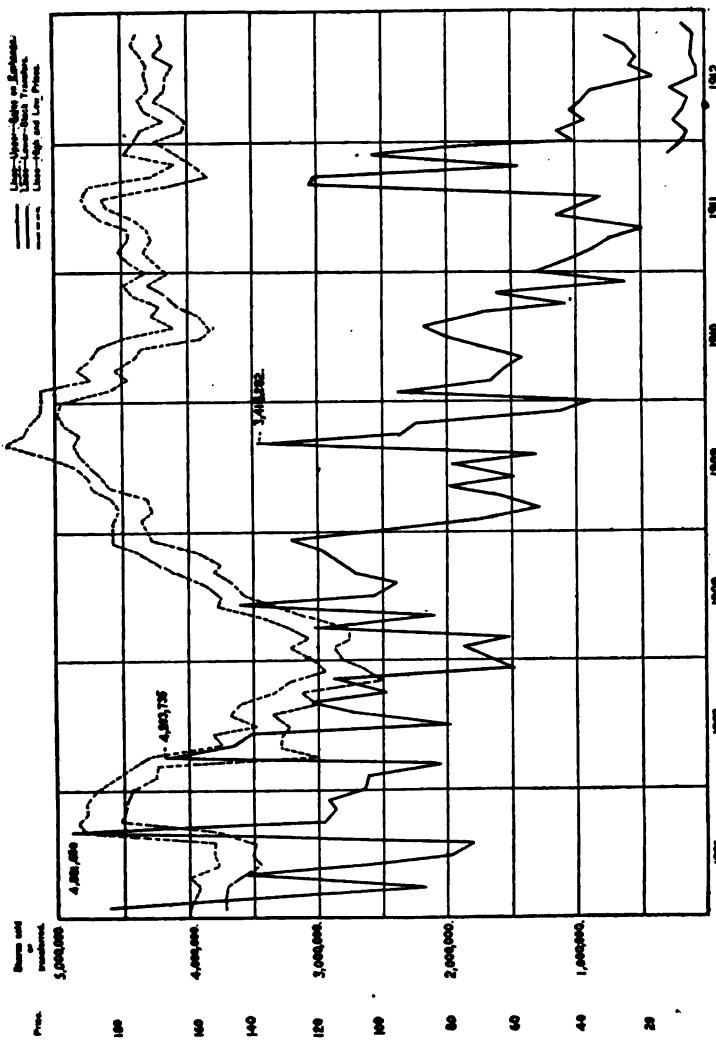


EXHIBIT 88, DECEMBER 11, 1912.

Table showing shares of common and preferred stock (voting trust certificates) of California Petroleum Co. sold on New York Stock Exchange, shares transferred on company's books, and shares listed on exchange for the month of October, 1912, and also range of prices each month.

COMMON.

Shares sold	362,270
Shares transferred—	92,275
Shares listed	105,729
Low price	64⅞
High price	72½

PREFERRED.

Shares sold	38,875
Shares transferred	69,334
Shares listed	101,000
Low price	90½
High price	95½

EXHIBIT 89, DECEMBER 11, 1912.

Table showing shares of common stock of Mexican Petroleum Co. sold on New York Stock Exchange, shares transferred on company's books, and shares listed on exchange each month from April to October, 1912, and also range of prices each month.

	April.	May.	June.	July.	August.	September.	October.
Shares sold	205,550	207,480	41,400	24,600	119,370	202,400	253,516
Shares transferred	152,729	41,094	16,318	58,669	13,713	28,889	41,607
Shares listed	121,849	.....	.....	121,849	.....	.....	121,849
Low price	62¼	65¾	65¼	67	67½	77	82⅜
High price	72	73⅜	69¼	70⅜	79⅜	84¼	90½

EXHIBIT 90, DECEMBER 11, 1912.

Shares of common stock of Columbus & Hocking Coal & Iron Co. sold each day of the 13 most active months from 1906 to 1912, inclusive.

Day of month	January, 1906.	February, 1906.	April, 1906.	November, 1906.	December, 1906.	March 1908.
1		11,600		200	1,200	
2	400	2,700	2,200	100		
3	100	1,600	19,800	200	1,900	
4	700		9,700		3,000	
5	200	3,000	1,000	1,300	1,500	
6		1,500	1,900		1,700	900
7		3,000	600	100	3,600	1,000
8	100	300		1,000	1,000	
9	1,000	100	700	100		3,670
10	700	800	1,400	800	1,000	700
11	100		700		2,000	1,600
12	300		1,400	200	2,900	400
13	500	600	200	600	2,400	5,210
14		700	100	400	600	1,200
15	13,700	1,600		200	200	
16	1,900	1,300	1,000	600		1,700
17	2,900	400	1,000		3,000	200
18	13,600		400		1,000?	900
19	4,000	2,400	700	9,900	4,500	300
20	1,300	1,700	1,500	5,500	1,800	2,100
21		2,200	600	12,300	400	3,200
22	1,500			4,800	1,000	
23	1,600	200	1,400	35,900		3,400
24	1,500	300	900	8,000	800	2,600
25	700		200			1,300
26	13,600	900	2,600	17,300	700	1,210
27	60,000	400	700	5,800	300	700
28		400	800	1,800	400	600
29	16,200				200	
30	5,300		1,100	3,300		600
31	9,200				100	100
MONTHLY SUMMARY.						
Shares sold	110,525	41,125	58,035	107,430	37,085	32,340
Shares transferred	11,459	8,161	40,134	14,810	7,755	7,369
Shares listed	60,256					
Low price	17⅛	19⅜	18⅛	19½	25⅛	14⅜
High price	26⅜	26⅜	26	30½	29⅜	21

Shares of common stock of Columbus & Hocking Coal & Iron Co. sold each day of the 13 most active months from 1906 to 1912, inclusive—Continued.

Day of month.	December, 1908.	March, 1909.	April, 1909.	May, 1909.	June, 1909.	August, 1909.	January, 1910.
1	5,600	370	1,525	860	500	.....	.....
2	6,300	820	1,700	.....	900	1,300	.....
3	5,200	6,400	1,000	900	200	200	300?
4	11,400	2,425	.....	700	508	1,200	1,100
5	3,900	2,300	5,400	2,300	100	2,200?	800
6	.....	3,000	6,700	1,100	.....	3,400	300
7	2,000	.....	2,100	1,700	800	2,200	200
8	500	9,700	5,800?	700	400	.....	300
9	5,250	3,030	.....	.....	400	4,500	.....
10	2,900	6,600	.....	1,100	8,550?	300	200
11	2,500	9,600	.....	300	3,700	200	300
12	2,000	12,250	2,400	200?	400	900	100
13	.....	4,500	2,000	200	.....	900?	1,100
14	1,300	.....	5,800	2,400	2,300	600	1,600
15	1,600	9,650	2,500	500	800	.....	400
16	1,900	8,250	3,230	.....	2,000	100	.....
17	1,500	3,500	1,600	2,100	1,800	1,200	800
18	1,500	8,400	.....	9,000	1,400	900	3,100
19	910	3,100	2,800	900	700	400	30,715?
20	.....	1,900	4,900	1,400	.....	500	19,400
21	600?	.....	1,500	1,450	1,100	300	6,900
22	3,000	4,700?	1,000	1,000	300	.....	1,100
23	700	7,200	2,800	.....	200	100	.....
24	200	9,700	4,700	2,736	300	600	2,600
25	.....	6,585	.....	800	300?	300	1,200
26	.....	4,100	3,500	1,400	300	900	4,300
27	.....	3,000	1,300	400	.....	600	1,180
28	1,000	.....	6,450	400	200	400	200
29	300	3,600	3,850	.....	300	.....	.....
30	500	3,500	2,100	.....	400	1,900	.....
31	350	5,500	.....	.....	.....	1,700	550
MONTHLY SUMMARY.							
Shares sold	62,375	143,490	75,345	35,546	29,785	30,200	92,500
Shares transferred	12,623	28,046	27,066	8,454	4,401	4,675	21,591
Shares listed	69,256	69,304	.....	.....	.....	.....	69,896
Low price	24½	24	43½	62½	62	64	12½
High price	27½	45½	64½	65½	67½	73½	92½

EXHIBIT 92, DECEMBER 11, 1912.

Table showing shares of common stock of Columbus & Hocking Coal & Iron Co. sold on New York Stock Exchange, shares transferred on company's books, and shares listed on exchange each month, 1906 to 1912, and also range of prices each month.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
1906													
Shares sold	110,525	41,125	9,050	58,035	18,500	15,580	8,200	12,691	5,600	19,020	107,430	37,085	442,841
Shares transferred	11,459	8,161	.....	40,134	3,923	2,623	2,060	997	1,635	3,580	14,810	7,755	97,137
Shares listed	69,256	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Low price	17½	19⅜	19	18½	17	18½	17½	18½	17½	17⅜	19½	25½	.....
High price	26⅜	26⅜	21	26	21¼	23	20	21½	19⅜	21½	30¼	29⅜	.....
1907													
Shares sold	12,460	7,005	23,462	18,170	6,460	3,710	3,040	5,160	3,730	6,850	2,120	8,915	101,082
Shares transferred	4,565	6,525	6,231	3,462	1,646	500	570	585	980	900	1,890	3,020	30,874
Shares listed	69,256	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Low price	24½	22	20	25	21½	21½	24⅜	19½	20⅜	15½	15	14	.....
High price	28	25	25⅜	28⅜	27½	25	25½	24½	24½	22	19	19	.....
1908													
Shares sold	7,500	1,100	32,340	9,720	29,390	4,410	11,600	16,320	500	6,320	27,380	62,375	208,955
Shares transferred	1,155	1,689	7,369	2,245	3,549	765	1,297	5,351	1,705	1,064	3,069	12,623	41,881
Shares listed	69,256	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Low price	15½	15	14⅛	17½	17⅛	20	20½	20⅜	20	19	19⅛	24½	.....
High price	17½	16½	21	19½	24	23	23½	23⅜	21⅜	20⅜	25	27½	.....
1909													
Shares sold	20,325	8,650	143,490	75,345	35,546	29,785	11,700	30,200	26,875	9,635	20,980	25,365	436,896
Shares transferred	10,151	4,611	28,046	27,066	8,454	4,401	3,065	4,675	5,313	3,136	4,142	17,217	120,277
Shares listed	69,304	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Low price	24⅜	21⅜	24	43½	62½	62	62⅜	64	72	78½	78⅞	86	.....
High price	28	26½	45½	64⅜	65½	67½	66⅜	73½	81	81	88⅛	91½	.....
1910													
Shares sold	92,500	8,650	3,960	2,455	2,225	820	800	1,950	2,150	9,830	200	100	125,640
Shares transferred	21,591	9,300	3,550	3,735	3,264	2,360	944	1,328	1,264	3,954	80	104	51,474
Shares listed	69,896	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Low price	12½	12½	13⅜	7	6½	5½	4½	3⅜	3	4½	4½	4	.....
High price	92½	21⅜	18	13½	10	6	5⅜	6½	5	7	4½	5	.....

Table showing shares of common stock of Columbus & Hocking Coal & Iron Co. sold on New York Stock Exchange, shares transferred on company's books, and shares listed on exchange each month, 1906 to 1912, and also range of prices each month—Continued.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
1911													
Shares sold	100	500	1,000										1,600
Shares transferred	200	20	80										300
Shares listed	69,908												
Low price	4	3	2										
High price	4	4¼	2										

Ratio of shares transferred to shares sold:

1906	0.219
1907	.305
1908	.200
1909	.275
1910	.409
1911	.187
1912	
Whole period	.259

Ratio of shares sold to shares listed:

1906	6.39
1907	1.46
1908	3.00
1909	6.29
1910	1.80
1911	
Whole period	3.78

Total shares sold for period	1,317,014
Total shares transferred for period	341,943

EXHIBIT 93, DECEMBER 11, 1912.

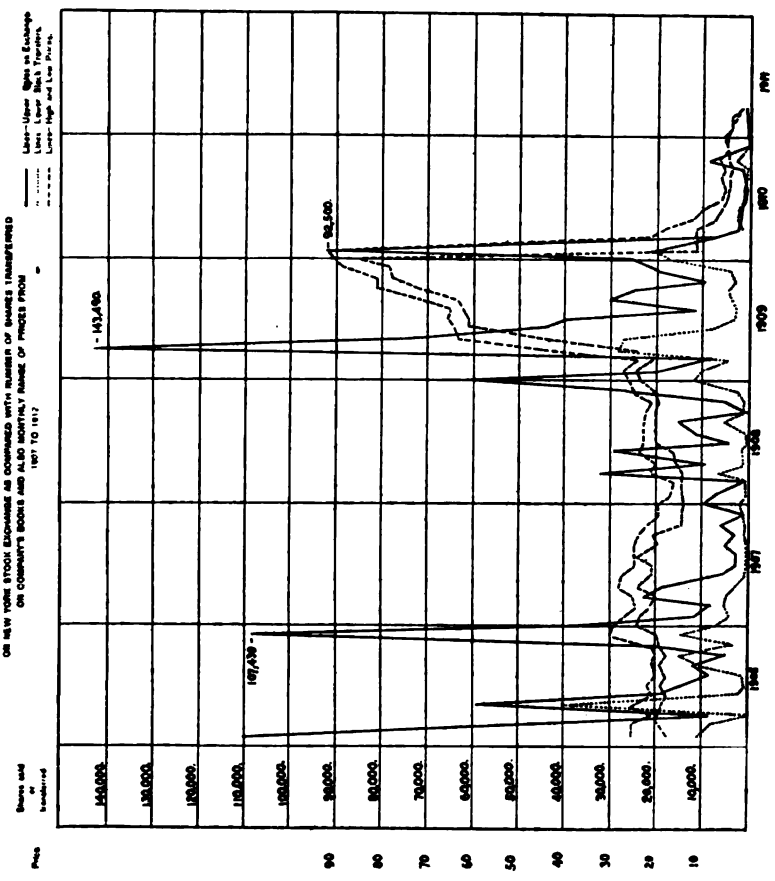


EXHIBIT 94, DECEMBER 11, 1912.

Table showing shares o common stock of Brooklyn Rapid Transit Co. sold on New York Stock Exchange, shares transferred on company's books, and shares listed on exchange each month, 1906 to 1912, and also range of prices each month.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
1906.													
Shares sold	855,085	421,345	689,862	783,325	988,105	629,415	652,170	412,219	438,260	266,377	343,270	335,315	6,814,748
Shares transferred	21,236	93,172	69,510	56,761	65,072	46,032	32,377	45,200	39,129	36,579	48,463	29,615	583,146
Shares listed	450,000	450,000											
Low price	85½	78⅜	78⅜	72⅜	72	73⅜	71	74½	75	76⅜	75½	77⅜	
High price	94⅜	88½	88½	89⅜	84⅞	85½	78⅜	81	82½	80⅜	81⅜	83	
1907.													
Shares sold	848,795	97,030	327,838	354,645	102,350	131,130	177,980	228,344	141,164	330,290	129,213	272,083	3,140,862
Shares transferred	24,157	30,341	78,073	48,117	37,919	31,144	21,375	41,198	14,914	46,466	44,318	40,901	458,923
Shares listed													
Low price	71½	69	45½	53	48	48	55½	37½	42⅜	29	26½	32½	
High price	83⅜	75½	70⅛	63½	62½	56⅜	60½	57½	49½	48½	34½	41½	
1908.													
Shares sold	363,677	240,500	331,468	186,930	384,560	92,080	159,870	291,960	139,555	77,000	100	561,715	2,829,415
Shares transferred	34,250	57,353	51,710	40,752	40,945	23,799	33,957	39,098	35,568	16,158	27,823	68,048	469,461
Shares listed	450,000	450,000											
Low price	38⅜	37½	39½	44½	45½	44½	47½	50½	44	46½	48½	54⅜	
High price	47½	46⅜	48	48⅜	54	50½	53¼	57⅜	55½	50⅜	56½	69½	
1909.													
Shares sold	515,630	412,530	324,885	285,470	141,193	163,300	55,560	168,905	173,675	96,215	92,257	188,490	2,618,110
Shares transferred	45,683	227,516	211,859	98,153	103,537	107,807	17,619	46,267	88,973	35,115	56,986	143,342	1,182,857
Shares listed													
Low price	67	67⅞	70	74½	77½	76½	75	78	75½	74	74½	77⅞	
High price	72½	72¾	76½	79⅜	80½	82⅜	79⅜	81⅜	81⅜	81½	79	82⅜	
1910.													
Shares sold	146,512	119,022	176,520	313,390	290,489	206,340	158,555	80,450	71,664	126,570	69,120	45,950	1,804,582
Shares transferred	15,851	68,493	118,055	57,801	88,557	113,302	38,628	47,234	63,742	30,964	40,624	62,112	745,363
Shares listed	450,000												
Low price	78⅜	68½	74½	74⅜	73⅜	71	70½	73	73	76½	75	73½	
High price	80½	77	79½	82	82⅜	80½	78⅜	77⅞	77½	79⅜	78⅜	76⅜	
1911.													
Shares sold	83,961	87,675	54,375	30,573	116,590	109,141	136,412	69,050	48,600	24,640	78,870	20,595	860,482
Shares transferred	15,513	50,741	72,407	16,607	52,865	76,899	36,692	45,638	60,014	19,722	25,990	45,061	518,149
Shares listed	450,000												
Low price	74⅜	75⅛	76½	76⅜	78½	79⅜	80	74½	72	73½	74⅜	75½	
High price	78⅛	79½	78⅞	78⅞	81⅛	83	84⅜	81⅜	77	75½	79⅜	77⅛	

1912.													
Shares sold	73,065	12,885	110,165	58,685	177,020	118,426	146,755	50,675	42,465	35,875	50,420		876,435
Shares transferred	16,036	14,453	57,751	25,641	42,481	78,685	31,236	25,249	59,545	18,428	19,097		338,602
Shares listed	450,000												
Low price	76⅜	77½	78⅛	82½	81⅜	86⅜	91	91½	88½	89			
High price	79¼	78⅜	84⅜	84⅜	90⅜	90½	94½	93⅜	92	92¼			

Ratio of shares sold to shares listed:

1906	15.14
1907	6.99
1908	6.29
1909	5.82
1910	4.01
1911	1.90
1912	1.94
Whole period	6.01

Ratio of shares transferred to shares sold:

1906	0.085
1907	.146
1908	.165
1909	.451
1910	.413
1911	.602
1912	.443
Whole period	.229

Total shares sold for period	18,944,634
Total shares transferred for period	4,346,501

EXHIBIT 95, DECEMBER 11, 1912.

CHART SHOWING MONTHLY SALES OF COMMON STOCK OF BROOKLYN RAPID TRANSIT COMPANY ON NEW YORK STOCK EXCHANGE AS COMPARED WITH NUMBER OF SHARES TRANSFERRED ON COMPANY'S BOOKS AND ALSO MONTHLY RANGE OF PRICES FROM 1906 TO 1912

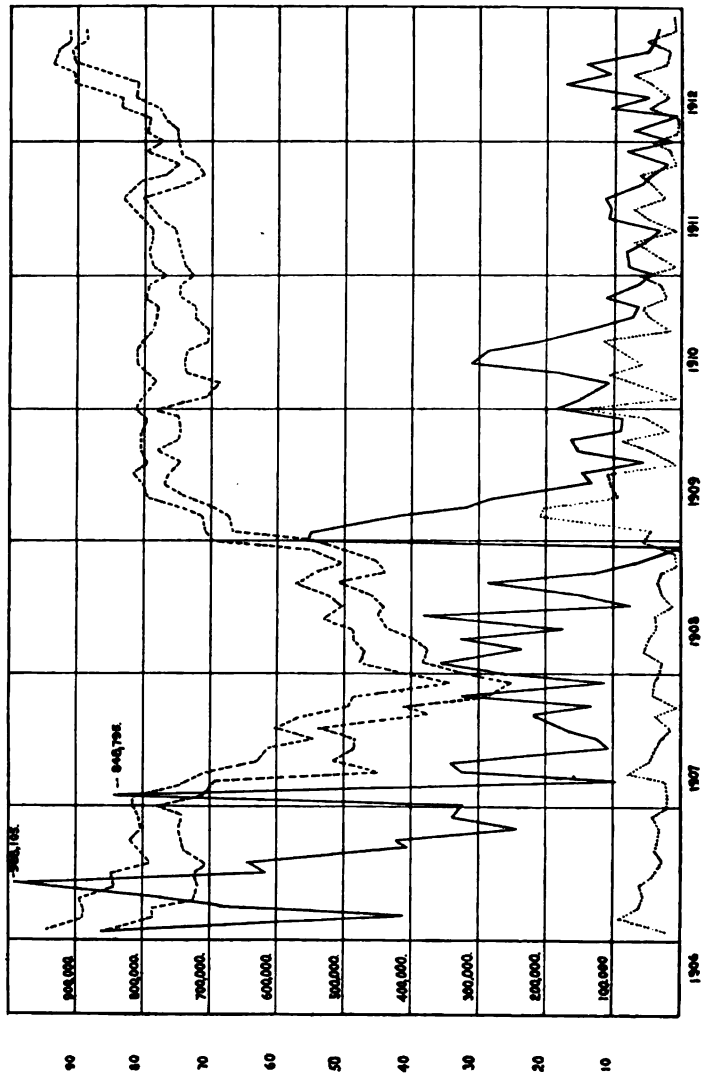


EXHIBIT 96, DECEMBER 11, 1912.

Shares of common stock of Brooklyn Rapid Transit Co. sold each day of the 18 most active months from 1906 to 1912, inclusive.

Day of month.	January, 1906.	March, 1906.	April, 1906.	May, 1906.	June, 1906.	July, 1906.	August, 1907.
1	.....	19,500	.....	73,600	6,400	.....	6,035
2	10,000	21,000	19,000	80,800	6,200	26,000	510
3	11,800	5,300	41,700	34,000	.....	31,100	1,100
4	9,600	.....	21,400	55,000	35,800	.....	.....
5	6,600	28,000	22,400	33,300	29,400	28,300	4,500
6	4,400	18,200	29,600	.....	13,800	34,200	10,200
7	.....	11,000	10,200	56,400	35,100	9,400	14,600
8	18,700	10,100	.....	64,500	11,300	.....	12,800
9	14,900	57,100	27,900	58,400	5,400	23,400	5,900
10	10,900	20,000	25,400	44,900	.....	15,900	6,000
11	16,400	.....	34,200	49,600	9,800	12,400	.....
12	17,500	41,000	29,100	19,100	15,000	32,000	9,490
13	7,900	55,500	33,200	.....	45,200	20,900	15,185
14	.....	47,300	10,000	50,200	29,800	9,100	11,150
15	74,500	35,700	.....	40,700	28,200	.....	16,830
16	36,000	17,800	17,200	52,000	11,600	21,900	10,365
17	14,400	3,900	13,200	40,700	.....	9,800	6,700
18	9,700	.....	46,400	27,100	26,700	30,300	.....
19	39,200	32,500	38,500	5,300	33,000	11,500	15,010
20	10,400	15,700	30,100	.....	17,600	27,500	21,629
21	.....	17,500	6,100	11,600	27,700	19,100	6,320
22	16,500	6,000	.....	23,300	19,000	.....	8,425
23	50,100	7,100	38,400	58,100	26,400	48,700	2,650
24	69,600	4,200	48,700	21,200	.....	55,300	1,950
25	105,000	.....	26,800	24,900	30,800	34,000	.....
26	51,200	14,800	39,800	6,300	31,400	23,000	2,100
27	32,700	26,000	54,400	.....	34,600	39,000	600
28	.....	45,700	23,000	13,700	30,000	8,200	4,310
29	69,400	18,000	.....	13,500	27,700	.....	8,600
30	43,600	59,200	40,100	.....	8,800	.....	18,170
31	19,900	17,100	.....	14,700	.....	19,300	.....
MONTHLY SUMMARY.							
Shares sold	855,035	689,362	783,325	988,105	629,415	652,170	228,344
Shares transferred	21,236	69,510	56,761	65,072	46,032	32,377	41,198
Shares listed	450,000	.....	.....	.....	.....	.....	.....
Low price	85½	78⅜	72⅜	72	73½	71	37½
High price	94⅜	88½	89⅜	84⅛	85½	78⅛	57½

Shares of common stock of Brooklyn Rapid Transit Co. sold each day of the 15 most active months from 1906 to 1912, inclusive—Continued.

Day of month.	January, 1908.	May, 1908.	December, 1908.	January, 1909.	February, 1909.	March, 1909.
1	.....	2,025	20,800	.....	9,050	20,790
2	8,205	1,770	5,900	22,700	28,510	34,750
3	16,720	.....	3,900	.....	7,850	22,300
4	6,570	2,460	5,400	50,800	7,300	17,275
5	.....	6,900	5,800	24,200	65,350	10,800
6	9,080	4,000	.....	32,950	8,300	2,800
7	5,620	6,830	11,630	15,900	.....	.....
8	6,625	14,900	2,300	21,420	15,691	4,800
9	26,030	6,200	21,300	22,700	3,200	7,030
10	22,000	.....	31,680	.....	4,000	9,850
11	9,400	44,350	24,600	18,900	7,500	6,600
12	.....	30,925	11,200	40,600	.....	7,600
13	12,360	9,720	.....	23,725	.....	1,850
14	14,025	24,060	11,450	24,050	.....	.....
15	20,700	12,120	8,600	10,850	37,800	2,600
16	17,955	9,700	9,650	25,050	16,040	3,980
17	23,485	.....	11,650	.....	8,025	8,900
18	14,900	16,075	21,200	37,750	18,675	11,250
19	.....	39,750	19,600	12,000	7,140	2,770
20	19,125	23,860	.....	12,700	8,700	2,150
21	17,015	15,650	34,500	7,800	.....	.....
22	14,085	12,925	49,250	3,900	.....	3,300
23	5,827	9,000	77,800	2,600	40,270	6,950
24	2,820	.....	70,560	.....	23,625	5,600
25	1,100	17,510	.....	5,650	31,400	2,100
26	.....	10,050	.....	4,800	3,150	2,500
27	10,570	27,900	.....	12,700	11,900	7,200
28	24,905	8,780	29,900	34,075	.....	.....
29	25,220	4,800	23,570	21,045	.....	38,800
30	13,610	.....	19,545	14,600	.....	48,825
31	8,625	.....	9,640	.....	.....	37,750
MONTHLY SUMMARY.						
Shares sold	363,677	384,560	561,715	515,630	412,530	324,885
Shares transferred	34,250	40,945	68,048	45,683	227,516	211,859
Shares listed	450,000	.....	.....	.....	.....	.....
Low price	38⅜	45⅞	54⅛	67	67⅛	70
High price	47½	54	60½	72½	72⅜	76½

EXHIBIT 97, DECEMBER 11, 1912.

Table showing shares of common stock of Rock Island Co. sold on New York Stock Exchange, shares transferred on company's books, and shares listed on exchange each month, 1906 to 1912, and also range of prices each month.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
1906.													
Shares sold	193,631	220,690	108,260	116,120	67,960	80,780	68,650	273,834	89,300	363,350	512,150	166,698	2,261,423
Shares transferred	46,860	47,903	29,503	31,354	26,231	26,746	25,605	42,717	31,967	45,103	48,600	78,902	481,491
Shares listed	894,275												
Low price	23⅜	24¼	25⅛	24⅜	23½	23¼	22¼	25½	26½	26⅜	27½	28⅛	
High price	26⅜	28⅛	28½	28⅜	26½	26⅜	25½	29½	28¼	30⅜	32⅜	32⅜	
1907.													
Shares sold	212,430	116,918	211,685	69,480	46,915	92,115	53,475	59,885	29,600	90,757	38,850	31,156	1,053,266
Shares transferred	32,771	34,554	81,722	44,350	22,592	22,408	19,750	29,372	12,719	49,011	45,330	33,310	427,889
Shares listed	895,735			896,024			896,024			896,024			
Low price	25⅛	23½	17⅞	20⅜	18½	18⅜	20⅞	17⅜	18⅜	12⅛	11½	13⅜	
High price	30⅜	27⅛	24⅜	23⅜	22⅜	22½	22½	21⅛	21¼	19	14½	16	
1908.													
Shares sold	28,760	45,840	39,800	37,323	64,440	20,203	39,490	119,920	61,460	55,200	159,946	153,415	825,797
Shares transferred	10,943	29,509	18,928	14,158	40,628	20,872	16,115	41,578	28,750	25,979	28,346	37,412	313,218
Shares listed							897,337			897,337			
Low price	13½	10½	11	13⅜	15½	15⅜	15¼	14½	17	18⅜	19⅜	22	
High price	15⅜	13½	15½	16⅜	19½	18¼	18	19	20	20⅜	24⅜	25¼	
1909.													
Shares sold	182,490	63,410	77,765	452,995	568,180	499,375	605,625	513,956	249,975	469,325	265,330	1,103,955	4,052,381
Shares transferred	35,194	27,835	28,191	64,602	161,802	124,126	96,622	125,453	77,758	72,549	49,211	303,946	1,167,289
Shares listed	898,222						899,214			899,648			
Low price	23½	20⅞	22	24½	28½	29	32½	37	36	35½	38⅛	39½	
High price	26⅜	25⅛	25⅛	29⅜	34	34½	39⅛	42⅜	40½	41⅜	41½	81	
1910.													
Shares sold	712,727	533,106	347,570	270,085	223,630	269,400	359,550	251,371	99,850	233,750	178,999	89,151	3,560,189
Shares transferred	204,806	99,297	106,305	34,968	55,898	42,382	58,083	82,391	37,089	33,668	27,709	25,576	808,172
Shares listed	900,859			906,183			907,421			907,421			
Low price	38⅛	39	44½	41½	41	30⅜	22⅞	27½	28⅞	30⅞	29⅞	28⅜	
High price	57½	50⅞	51⅜	49⅜	46	41⅜	33⅛	34	32⅜	35⅜	34½	31	
1911.													
Shares sold	132,900	96,880	40,175	29,400	132,910	164,800	56,820	176,100	57,450	36,925	72,525	42,230	1,039,115
Shares transferred	20,491	23,968	27,313	8,940	28,260	48,821	24,065	67,445	30,124	20,673	15,522	15,851	331,473
Shares listed	907,421			908,189			908,742			908,742			
Low price	29⅜	29½	28⅜	27⅞	29	32	30⅞	24½	22⅜	23½	25½	22⅞	
High price	33½	33⅜	30⅜	29⅜	33⅛	34⅜	33½	31⅜	26⅜	25⅜	28½	26¼	

Table showing shares of common stock of Rock Island Co. sold on New York Stock Exchange, shares transferred on company's books, and shares listed on exchange each month, 1906 to 1912, and also range of prices each month—Continued.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
1912.													
Shares sold	37,010	12,100	137,000	249,950	116,955	33,505	16,850	32,350	124,060	100,755	31,630		892,165
Shares transferred	10,536	19,914	33,017	36,480	23,641	14,096	7,877	10,512	20,761	43,789	13,833		234,456
Shares listed		908,742				908,882				908,882			
Low price	23½	22⅜	22⅜	26¼	22½	23½	23⅜	24⅜	25	24½			
High price	25⅝	23⅞	28⅜	30½	29½	26⅜	25⅝	27⅜	29⅜	29⅜			

Ratio of shares sold to shares listed:

1906	2.53
1907	1.17
1908	.92
1909	4.50
1910	3.96
1911	1.14
1912	.98
Whole period	2.17

Ratio of shares transferred to shares sold:

1906	0.035
1907	.406
1908	.379
1909	.288
1910	.223
1911	.319
1912	.263
Whole period	.275

Shares sold for period	13,693,336
Shares transferred for period	3,763,988

EXHIBIT 98, DECEMBER 11, 1912.

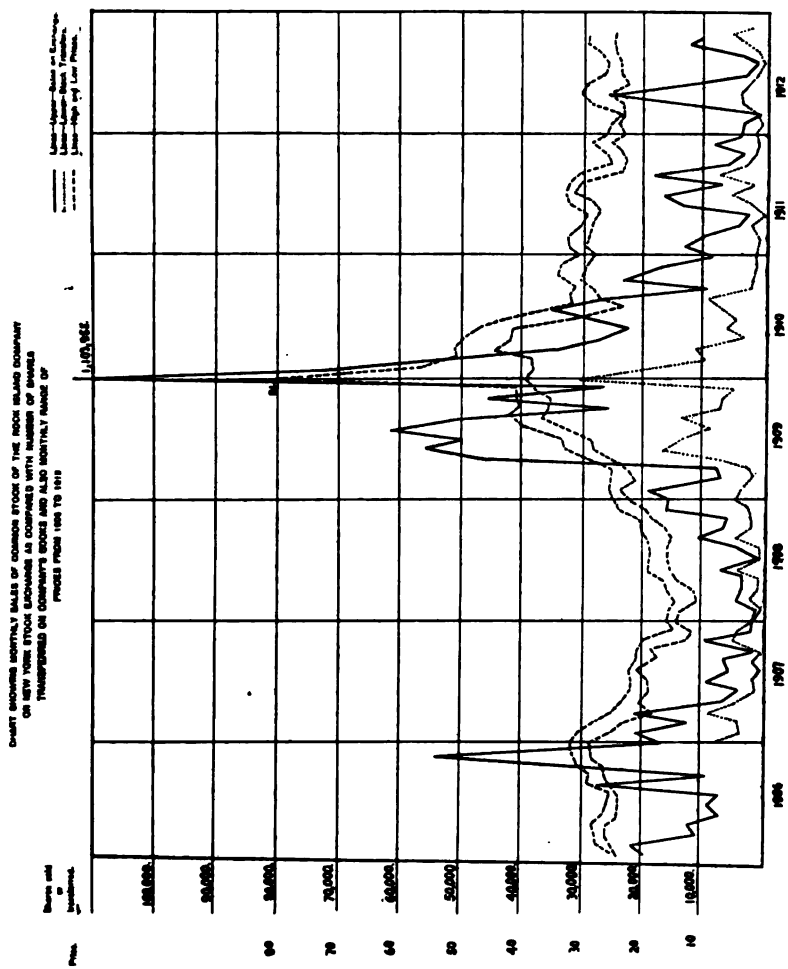


EXHIBIT 99, DECEMBER 11, 1912.

Shares of common stock of Rock Island Co. sold each day of the 13 most active months from 1906 to 1912, inclusive.

Day of month.	October, 1906.	November, 1906.	April, 1909.	May, 1909.	June, 1909.	July, 1909.	August, 1909.
1	21,200	3,000	4,500	2,300	15,200	14,400	.....
2	81,600	11,300	1,900	.....	7,100	11,300	11,800
3	90,400	3,500	1,300	8,500	46,300	.....	11,700
4	18,000	.....	.....	13,900	36,000	.....	6,900
5	9,300	10,400	800	10,500	15,200	.....	12,100
6	3,800	.....	27,250	11,000	.....	11,700	20,900
7	.....	9,900	6,200	17,500	54,300	41,400	19,600
8	31,100	7,200	9,200	25,700	27,600	22,600	.....
9	9,600	4,200	.....	.....	18,800	10,900	31,400
10	4,900	800	.....	44,100	9,100	2,050	36,500
11	5,300	.....	.....	23,200	6,800	.....	22,100
12	3,100	2,500	15,500	106,800	2,800	4,000	30,100
13	6,000	13,400	6,700	87,400	.....	12,300	21,500
14	.....	6,900	4,200	55,800	7,700	6,800	10,700
15	10,900	92,500	7,200	9,900	14,400	3,000?	.....
16	3,900	46,500	21,900	.....	18,700	34,900	18,350
17	6,200	11,200	16,825	16,300	44,000?	17,700	26,500
18	6,500	.....	.....	16,000	14,600	.....	13,800
19	9,600	17,100	55,200	19,800	3,000	36,500	43,450
20	8,700	41,400	34,200	11,700	.....	65,300	22,300
21	.....	61,000	32,900	5,800	17,600	43,200	9,800
22	7,200	29,800	31,000	2,700	9,900	25,550	.....
23	4,200	19,400	28,800	.....	11,100	44,600	18,500
24	1,000	12,500	26,850	8,400	9,400	26,700	11,700
25	1,600	.....	.....	12,500	6,900	.....	21,550
26	1,700	8,900	48,200	18,200	7,700	28,200	31,100
27	100	10,200	25,300	9,400	.....	22,600	19,100
28	.....	36,500	25,500	16,700	9,300	35,700	8,100
29	900	.....	13,250	.....	45,000	12,300	.....
30	3,100	26,000	5,600	.....	19,400	23,200	12,900
31	3,100	.....	.....	.....	.....	13,800	10,921
MONTHLY SUMMARY.							
Shares sold	363,350	512,150	452,995	568,180	499,375	605,625	513,956
Shares transferred	.....	.....	64,602	161,802	124,126	96,622	125,453
Shares listed	894,275	.....	.....	.....	.....	899,214	.....
Low price	26⅜	27⅛	24¼	28½	29	32⅜	37
High price	30⅜	32⅜	29⅛	34	34½	39⅜	42⅜

Shares of common stock of Rock Island Co. sold each day of the 13 most active months from 1906 to 1912, inclusive—Continued.

Day of month.	October, 1909.	December, 1909.	January, 1910.	February, 1910.	March, 1910.	July, 1910.
1	59,000	25,000	.....	4,200	5,700	59,100
2	5,200	11,000	.....	5,300	4,300	.....
3	.....	8,700	99,500	18,600	11,300	.....
4	9,200	7,100	24,300	17,300	4,300	.....
5	7,400	.....	230,600	35,800	2,800	16,700
6	11,600	18,500	117,900	.....	.....	19,100
7	6,800	3,300	39,100	40,600	24,900	22,100?
8	12,200	3,200	11,300	23,400	15,500	13,900
9	3,450	23,200	.....	23,100	23,800	4,150
10	.....	28,400	14,600	40,800	35,100	.....
11	12,000	39,100	21,000	47,500	16,800	15,100
12	.....	.....	19,100	.....	7,400	8,200
13	9,000	92,300	15,200	.....	.....	7,400
14	16,900	26,800	25,900	37,600	6,100	6,900
15	73,400	28,000	13,000	17,700	18,100	3,900
16	45,000	21,600	.....	27,700	13,500	1,300
17	.....	16,500	23,600	52,300	15,900	.....
18	25,800	24,800	28,800	39,200	15,300	12,800
19	52,900	.....	34,800?	18,600	3,600	2,200
20	26,300	38,900	59,100	.....	.....	6,550
21	14,500	27,500	19,300	16,300?	5,600	7,800
22	17,900	40,200	3,400	.....	3,600	4,400
23	7,200	148,600	.....	18,800	12,600	2,300
24	.....	5,300	16,000	7,200	7,200	.....
25	12,800	.....	18,100	3,800	.....	12,800
26	8,100	.....	7,200	2,500	.....	39,000
27	12,200	217,563	10,500	.....	.....	30,500
28	5,100	97,700	6,400	10,300	9,700	23,400
29	20,300	25,800	2,400	.....	12,400	27,000
30	32,450	35,400	.....	.....	16,100	3,800
31	.....	66,000	8,800	.....	12,300	.....
MONTHLY SUMMARY.						
Shares sold	469,325	1,103,955	712,727	533,106	347,570	359,550
Shares transferred	72,549	303,946	204,806	99,297	106,305	58,083
Shares listed	899,648	.....	900,859	.....	.....	907,421
Low price	35½	39½	38⅝	39	44½	22⅞
High price	41⅝	81	57½	50⅞	51¾	33⅝

Exhibit 100, December 11, 1912.

Table showing shares of common stock of Colorado Fuel & Iron Co. sold on New York Stock Exchange, shares transferred on company's books, and shares listed on exchange each month, 1903 to 1912, and also range of prices each month.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
1903.													
Shares sold	23,532	11,750	30,300	125,770	83,020	128,570	62,540	15,675	128,855	18,475	13,652	18,710	660,849
Shares transferred	9,988	4,817	9,289	13,850	9,235	8,116	90,564	2,340	6,655	4,660	8,365		167,879
Shares listed	239,310			239,310			239,310			239,320			
Low price	78½	73	63	64	61½	59	40	40⅜	40	25	24	24½	
High price	82½	76½	72⅝	66½	70⅛	69½	65½	54⅜	51⅜	41	32½	33	
1904.													
Shares sold	15,786	8,550	8,850	21,195	5,800	3,330	34,998	17,320	102,105	299,205	532,520	353,570	1,403,229
Shares transferred		7,842	1,908	5,235	2,301	1,730	7,266	5,585	47,748	57,702	72,236	35,041	244,594
Shares listed	239,320												
Low price	27⅝	30	25½	28½	28	28½	30½	35½	31⅜	34⅜	40½	37	
High price	34½	33¼	31	33⅝	32½	31	38½	37⅞	44	44⅛	58⅜	58	
1905.													
Shares sold	150,328	304,675	571,138	392,176	206,002	90,170	120,987	86,280	112,610	141,254	147,116	552,380	2,875,116
Shares transferred	19,873	27,515	112,752	319,208	111,571	28,967	18,324	16,544	57,110	18,743	14,040	38,096	782,743
Shares listed	301,320												
Low price	43	46	15½	42½	38	39⅞	43½	44½	41	43½	40⅞	44⅜	
High price	48⅜	54	59	57½	47½	45⅝	48⅜	47½	46½	48⅜	49⅞	58½	
1906.													
Shares sold	1,160,745	586,175	648,860	370,840	388,130	577,750	399,100	539,970	199,710	177,915	179,538	300,220	5,528,953
Shares transferred	69,050	44,603	46,314	207,138	40,465	41,637	27,965	52,388	20,150	15,587	24,318	53,351	622,816
Shares listed	301,320			301,320			301,330			301,330			
Low price	55½	60	57	45½	40½	44½	44½	51½	52	50½	49½	51½	
High price	83⅜	78¾	67⅝	67½	57¾	64⅜	55⅜	61½	59½	58⅜	57½	58½	
1907.													
Shares sold	258,875	121,165	231,450	96,215	58,225	31,565	39,255	59,300	29,760	46,750	24,310	215,170	1,212,040
Shares transferred	31,020	21,174	49,475	22,794	18,918	12,580	14,091	22,756	12,232	26,994	30,692	24,449	287,175
Shares listed	342,355												
Low price	46½	42	29	33½	27½	28	30	22	17½	14½	14	17	
High price	57⅞	50½	44⅝	38	37	32½	33⅜	31	26½	20	17½	22	
1908.													
Shares sold	47,110	21,785	95,080	1,200	189,745	26,545	112,315	168,745	101,065	104,945	131,395	163,300	1,363,230
Shares transferred	16,681	16,147	17,741	23,154	39,182	20,910	30,246	36,738	39,961	14,954	32,462	27,310	315,486
Shares listed	342,355												
Low price	19	15⅜	16	22⅞	24	25⅜	26⅜	32	30⅜	33⅜	36½	36½	
High price	22½	20	24⅞	25⅛	31½	29½	33⅛	38½	37⅛	37⅛	40⅜	42	

1909.													
Shares sold	225,885	72,980	86,900	99,185	114,100	177,515	128,900	102,460	80,635	67,450	266,565	112,075	1,505,650
Shares transferred	34,340	26,801	27,009	21,651	23,794	33,380	28,677	27,909	52,612	12,948	30,774	22,192	336,993
Shares listed	342,355												
Low price	38½	29	31	35¼	38½	40½	43½	41⅛	41⅛	43½	47	48⅜	
High price	45½	40⅜	36½	40⅜	42	45⅛	47⅜	48⅜	47½	47	52⅜	53	
1910.													
Shares sold	111,334	46,220	31,110	22,700	17,125	17,990	17,190	16,820	4,950	22,500	23,350	11,090	342,429
Shares transferred	22,958	22,053	11,158	7,008	10,574	7,568	11,068	14,957	5,290	5,734	7,404	5,665	131,432
Shares listed	342,355												
Low price	36	32½	37⅜	35⅜	35⅜	30	22½	25½	29½	31⅜	30⅞	29⅜	
High price	50	40½	43¾	42½	39⅜	36¼	33	32¾	32	36½	36⅛	32	
1911.													
Shares sold	18,575	17,520	8,800	400,120	18,100	9,120	7,950	11,400	5,300	2,700	4,900	4,900	509,685
Shares transferred	8,154	8,685	3,659	3,543	5,205	4,036	3,255	5,612	5,418	2,806	5,285	3,374	59,052
Shares listed	342,355												
Low price	31	33	31	28½	30	33⅝	33	27⅞	25	25½	26	25½	
High price	36	36⅜	33¾	32¼	35	35⅝	36	33⅛	28¼	28	29	29	
1912.													
Shares sold	2,100	5,750	14,500	64,280	9,350	33,900	7,135	20,800	111,125	56,090	13,400		338,430
Shares transferred	6,131	2,425	5,904	4,732	5,562	5,385	14,285	6,015	66,672	5,603	5,676		128,360
Shares listed	342,355												
Low price	26	23½	24½	27½	27	27	28⅜	30½	32½	34½			
High price	27⅜	26½	31¼	34¼	30½	33⅞	32⅜	34	43¾	43⅜			

Ratio of shares sold to shares listed:

1903	2.77
1904	5.86
1905	9.54
1906	18.35
1907	3.54
1908	3.98
1909	4.40
1910	1.00
1911	1.48
1912	.98
Whole period	5.02

Ratio of shares transferred to shares sold:

1903	.252
1904	.174
1905	.272
1906	.112
1907	.236
1908	.232
1909	.224
1910	.383
1911	.118
1912	.380
Whole period	.195

Total shares sold for period..... 15,739,611
Total shares transferred for period..... 3,076,540

EXHIBIT 101, DECEMBER 11, 1912.

Shares of common stock of Colorado Fuel & Iron Co. sold each day of the 13 most active months from 1906 to 1912, inclusive—Continued.

Day of month.	October, 1904.	November, 1904.	December, 1904.	February, 1905.	March, 1905.	April, 1905.	December, 1905.
1	.....	16,800	15,600	8,700	9,300	6,000	5,100
2	.....	18,000	11,500	3,700	10,400	.....	1,900
3	750	33,700	3,400	1,900	6,000	17,700	.....
4	2,885	36,500	.....	3,300	2,600	25,700	4,300
5	950	6,900	13,200	4,200	.....	5,500	9,200
6	700	.....	14,900	.....	4,800	7,300	7,100
7	700	14,500	38,000	36,000	2,800	4,900	5,200
8	250	.....	49,800	13,800	5,400	3,600	4,300
9	.....	16,800	18,300	3,000	6,600	.....	1,700
10	5,400	18,900	6,300	20,000	20,300	6,600	.....
11	2,620	28,500	.....	50,700	7,900	10,300	7,200
12	3,120	10,300	32,300	.....	.....	19,100	72,500
13	1,900	.....	16,100	.....	34,600	13,900	66,000
14	4,760	22,900	13,300	32,200	17,700	13,900	20,200
15	5,600	10,900	8,800	15,300	27,100	2,300	14,500
16	.....	13,400	10,200	10,400	23,800	.....	21,700
17	8,525	26,700	7,800	11,800	16,600	19,300	.....
18	5,200	14,500	.....	5,500	6,100	51,300	60,700
19	16,975	3,300	8,000	.....	.....	21,800	55,000
20	18,550	.....	1,600	14,400	14,400	29,600	19,900
21	22,600	8,900	7,000	19,700	30,800	.....	15,300
22	8,200	45,200	4,300	.....	25,500	.....	23,500
23	.....	19,500	2,700	42,600	112,300	.....	3,500
24	23,600	.....	.....	7,500	76,400	32,200	.....
25	47,485	40,000	.....	3,100	7,600	12,200	.....
26	27,150	20,600	.....	.....	.....	8,100	31,100
27	14,310	.....	2,000	10,400	19,500	14,300	16,700
28	10,200	73,200	20,500	17,200	18,500	27,400	19,600
29	32,200	49,200	13,000	.....	11,700	9,800	10,000
30	.....	15,300	13,000	.....	13,700	.....	.....
31	22,300	.....	.....	.....	17,600	.....	.....
MONTHLY SUMMARY.							
Shares sold	299,205	532,520	353,570	304,675	571,138	392,176	552,380
Shares transferred	57,702	72,236	35,041	27,515	112,752	319,208	38,096
Shares listed	239,320	.....	.....	.....	.....	.....	.....
Low price	34⅜	40½	37	46	15⅛	42⅜	44⅛
High price	44⅛	58⅜	58	54	59	57⅜	58⅛

Shares of common stock of Colorado Fuel & Iron Co. sold each day of the 13 most active months from 1906 to 1912, inclusive—Continued.

Day of month.	January, 1906.	February, 1906.	March, 1906.	June, 1906.	July, 1906.	August, 1906.
1	.....	61,400	26,000	23,100	.....	25,700
2	6,700	34,300	10,700	17,400	22,600	14,100
3	3,300	34,000	9,700	.....	9,200	11,200
4	18,300	.....	.....	33,700	.....	12,700
5	11,700	26,700	35,000	37,400	15,800	.....
6	5,700	24,100	21,300	26,800	23,500	9,600
7	.....	10,500	38,000	18,700	14,700	14,400
8	30,200	27,000	60,700	19,000	.....	9,300
9	21,300	11,200	34,800	14,200	16,200	12,100
10	9,400	3,700	14,200	.....	6,500	4,200
11	13,300	.....	.....	17,100	35,500	2,600
12	34,300	.....	13,100	16,000	24,800	.....
13	10,400	9,200	15,500	8,100	9,800	15,700
14	.....	11,600	10,500	26,000	4,400	13,300
15	52,700	33,000?	6,500	20,200	.....	10,400
16	61,800	37,700	10,800	5,700	12,500	9,500
17	104,100	20,800	900	.....	6,600	21,100
18	70,600	.....	.....	17,300	6,400	13,000
19	17,200	29,500	18,400	13,500	5,900	.....
20	15,000	30,500	13,200	12,100	12,100	316,200
21	.....	29,200?	24,900	32,600	4,900	86,500
22	13,400	.....	17,200	20,500	.....	51,200
23	122,800	15,600	28,100	10,100	13,000	27,800
24	76,300	3,900	2,900	.....	12,100	13,100
25	57,700	.....	.....	32,900	5,500	2,700
26	48,400	8,400	13,000	31,400	36,200	.....
27	26,800	41,700	30,800	24,400	32,500	16,000
28	.....	4,200	60,300	21,000	11,500	28,300
29	46,100	.....	56,600	18,000	.....	16,900
30	59,900	.....	23,400	4,200	.....	13,100
31	58,000	.....	8,800	.....	19,800	3,800
MONTHLY SUMMARY.						
Shares sold	1,160,745	586,175	648,860	577,750	399,100	539,970
Shares transferred	69,050	44,603	46,314	41,637	27,965	52,388
Shares listed	301,320	.....	.....	.....	301,330	.....
Low price	55⅛	60	57	44½	44½	51½
High price	83⅜	78½	67⅜	64⅜	55⅛	61⅛

Exhibit 102, December 11, 1912.

Total number shares of common stock of American Smelting & Refining Co. sold on New York Stock Exchange, shares transferred on company's books, and shares listed on exchange each month 1906 to 1912, and also range of prices each month.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
1906.													
Shares sold	797,100	826,510	785,825	740,975	1,187,560	679,560	619,000	744,550	540,200	699,860	365,200	313,100	8,299,440
Shares transferred	27,000	61,000	203,000	51,000	84,000	212,000	37,000	45,000	203,000	60,000	54,000	102,000	1,139,000
Shares listed [1]	500,000												
Low price	161½	153¾	150½	144¾	138½	140⅜	141	151	150	152⅜	151½	147	
High price	174	160	162½	163½	157⅜	159½	153½	165¼	158½	161⅜	157½	155½	
1907.													
Shares sold	358,250	398,152	1,130,170	1,211,440	827,850	426,960	310,710	751,610	861,210	1,187,965	720,575	708,210	8,899,102
Shares transferred	95,000	43,000	149,000	71,000	67,000	156,000	58,000	44,000	203,000	84,000	85,000	195,000	1,248,000
Shares listed	500,000												
Low price	141⅜	138½	104½	119½	111⅜	112⅜	112½	90	84½	61½	58½	66⅜	
High price	155	146⅜	140½	138½	136¼	120½	122½	113⅞	103⅜	80⅛	73	79½	
1908.													
Shares sold	1,368,421	779,390	862,158	595,695	1,024,110	328,280	730,000	1,418,150	939,810	512,140	621,680	1,387,390	10,567,524
Shares transferred	172,000	90,000	244,000	69,000	96,000	190,000	47,000	96,000	279,000	64,000	69,000	283,000	1,699,000
Shares listed	500,000												
Low price	62⅜	55½	58	66	69½	73	76	88⅜	79	83½	91⅜	76½	
High price	79½	68¼	74⅜	72½	78⅛	77½	90¼	107	99½	94⅜	98¾	94½	
1909.													
Shares sold	774,925	420,435	386,410	476,425	301,675	324,095	300,185	723,850	321,545	312,600	529,945	372,280	5,244,370
Shares transferred	73,000	52,000	192,000	50,000	54,000	188,000	37,000	81,000	241,000	42,000	70,000	310,000	1,290,000
Shares listed				[1] 500,000			500,000			500,000			
Low price	80⅜	77⅜	80½	86	89½	87⅛	91⅜	96½	94⅜	93½	95⅜	96½	
High price	89⅜	88⅜	89	91⅛	95½	97½	98⅛	104¾	101½	101⅛	105½	105	
1910.													
Shares sold	563,295	551,055	510,130	541,495	453,155	319,650	321,620	338,080	166,270	491,865	342,490	281,415	4,880,520
Shares transferred	74,000	116,000	204,000	66,000	54,000	141,000	49,000	59,000	101,000	81,000	63,000	141,000	1,149,000
Shares listed	500,000												
Low price	88½	75½	78⅜	76½	72½	68	61⅜	62½	64	67	75⅜	70⅛	
High price	104	91⅜	90	86½	81½	78⅜	71⅜	70½	68½	82⅜	83⅜	70⅜	
1911.													
Shares sold	201,500	158,134	88,950	60,650	159,500	235,675	75,330	245,995	536,285	326,285	421,360	128,350	2,638,014
Shares transferred	46,000	44,000	48,000	71,000	38,000	118,000	23,000	55,000	142,000	45,000	34,000	45,000	710,000
Shares listed	500,000												
Low price	72⅜	75½	73⅜	70⅜	74	78⅜	78⅜	67⅜	56⅜	59⅜	61⅞	68⅜	
High price	79½	81⅜	77⅜	75⅜	81⅜	83⅞	80⅜	79½	71⅜	67⅜	74⅜	75½	

1912.													
Shares sold	97,065	93,425	448,060	275,650	813,410	121,660	101,900	129,700	179,880	182,040	140,250	.....	2,063,610
Shares transferred	13,000	48,000	41,000	30,000	114,000	44,000	23,000	96,000	17,000	36,000	110,000	.....	581,000
Shares listed	500,000	.....	.....	.....	.....	.....	.....	.....	.....	500,000	.....	.....	.....
Low price	68⅜	67½	72½	83⅜	81½	81⅜	80⅜	83⅜	83⅜	81	.....	.....	.....
High price	74⅜	72⅜	80⅜	88⅜	88½	87⅜	87	88⅜	91	90½	.....	.....	.....

[1] Listed on New York Stock Exchange official list Feb. 10, 1909, prior to which date stock was traded on the unlisted department of the same exchange. Shares outstanding were 500,000 during this period.

Ratio of shares sold to shares listed:	
1906	16.60
1907	17.78
1908	21.14
1909	10.49
1910	9.77
1911	5.28
1912	4.17
Whole period	12.18

Ratio of shares transferred to shares sold:	
1906	0.137
1907	.140
1908	.160
1909	.265
1910	.235
1911	.269
1912	.279
Whole period	.186

Total shares sold for period	42,612,580
Total shares transferred for period	7,916,000

EXHIBIT 103, DECEMBER 11, 1912.

Shares of common stock of American Smelting & Refining Co. sold each day of the 13 most active months from 1906 to 1912, inclusive.

Day of month.	January, 1906.	February, 1906.	May, 1906.	March, 1907.	April, 1907.	May, 1907.	September, 1907.
1	.....	61,600	64,000	50,100	61,100	54,800	.....
2	9,900	10,900	149,000	9,200	58,900	20,100	.....
3	14,000	17,200	77,500	.....	31,700	34,800	37,000
4	28,000	.....	55,800	52,400	40,400	8,800	41,600
5	20,300	18,200	20,700	54,650	43,600	.....	41,200
6	10,300	8,500	.....	60,100	31,400	9,700	34,400
7	.....	13,600	50,000	21,300	.....	39,250	11,800
8	19,000	44,300	83,000	33,000	63,700?	15,000	.....
9	9,500	21,300	105,700	16,400	98,550	27,200	16,600
10	10,900	2,100	49,700	.....	64,800	21,900	49,100
11	10,800	.....	33,300	19,200	96,100	25,170	44,200
12	1,200	.....	15,600	9,900	47,250	.....	85,500
13	9,300	32,800	.....	58,600	31,300	22,900	80,400
14	.....	41,600	82,400	66,900	.....	14,900	29,200
15	56,800	43,800	91,600	34,800	86,000	21,000	.....
16	35,000	88,000	60,600	13,400	54,700	12,200	54,600
17	89,000	83,400?	36,200	.....	70,100	8,100	42,850
18	52,300	.....	25,000	32,400	27,550	9,400	36,150
19	43,800	44,500	3,400	54,245	26,000	.....	56,100
20	9,300	20,800	.....	81,100	9,100	40,200	44,900
21	.....	91,200	12,200	59,700	.....	101,600	7,700
22	36,700	.....	15,300	71,120	73,500	79,800?	.....
23	21,100	27,700	34,400	18,000	53,000	37,850	42,200
24	28,800	7,700	16,500	.....	35,800	31,600	29,700
25	29,800	.....	17,700	78,400	26,100	7,500	18,550
26	12,600	15,700	3,200	60,800	15,000	.....	26,900
27	8,900	25,500	.....	42,300	7,500	49,000	57,400
28	.....	103,700	7,300	31,130	.....	47,100	24,300
29	26,500	.....	9,800?	56,000	15,100	24,200	.....
30	70,000	.....	.....	.....	39,510	.....	41,500
31	38,400	.....	2,400	.....	.....	19,300	.....
MONTHLY SUMMARY.							
Shares sold	797,100	826,510	1,187,560	1,130,170	1,211,440	827,850	861,210
Shares transferred	27,000	61,000	84,000	149,000	71,000	67,000	203,000
Shares listed	500,000	.....	.....	.....	.....	.....	.....
Low price	161½	153¾	138½	104½	119½	111⅜	84½
High price	174	169	157⅜	140½	138½	136½	103⅜

Shares of common stock of American Smelting & Refining Co. sold each day of the 13 most active months from 1906 to 1912, inclusive—Continued.

Day of month.	October, 1907.	January, 1908.	May, 1908.	August, 1908.	September, 1908.	December, 1908.
1	38,200	.....	31,100	13,000	23,000	24,100
2	36,300	18,300	14,400	.....	42,500	29,900
3	45,310	13,900	.....	19,810	89,600	24,800
4	16,000	7,400	31,250	31,160	44,400	16,850
5	7,800	.....	21,900	46,550	.....	41,300
6	.....	26,050	47,800	63,000	.....	.....
7	29,300	34,750	37,950	128,528	.....	57,400
8	24,625	22,400	21,500	34,650	31,800	21,400
9	43,900	37,850	10,200	.....	29,400	24,300
10	45,600	68,150	.....	60,400	28,400	18,000
11	97,000	22,032	37,900	57,200	28,400	40,400
12	42,100	.....	36,440	52,200	15,100	61,400
13	.....	58,025	26,700	32,100	.....	.....
14	67,000	79,525	38,500	69,300	31,700	89,100
15	45,100	82,550	36,100	50,000	28,800	89,900
16	106,900	130,000	28,900	.....	55,470	44,300
17	71,100	60,000	.....	66,000	66,440	91,000
18	106,000	57,100	31,000	89,300	53,200	181,170
19	30,300	.....	26,300	45,300	26,700	57,100
20	.....	138,900	134,500	56,300	.....	.....
21	76,050	115,000	104,300	64,000	70,900	76,450
22	75,150	42,850	57,700	167,700	61,780	90,000
23	34,200	51,900	26,800	.....	30,400	69,300
24	36,450	38,700	.....	33,600	38,000	27,400
25	13,600	21,900	29,450	57,800	28,100	.....
26	8,100	.....	25,010	21,630	16,700	.....
27	.....	61,450	57,800	23,500	.....	.....
28	17,100	47,100	48,400	41,000	25,400	34,800
29	20,800	17,125	15,770	8,300	17,855	40,700
30	9,500	20,600	.....	.....	16,400	44,900
31	19,200	19,600	.....	25,820	.....	20,300
MONTHLY SUMMARY.						
Shares sold	1,187,965	1,368,421	1,024,110	1,418,150	939,810	1,387,390
Shares transferred	84,000	172,000	96,000	96,000	279,000	283,000
Shares listed	500,000	.....	.....	.....	.....	.....
Low price	61½	62⅜	69½	88⅜	79	76½
High price	89⅜	79½	78⅜	107	99½	94½

Exhibit 104, December 11, 1912.

Table showing shares of common stock of Consolidated Gas Co., sold on New York Stock Exchange, shares transferred on company's books, and shares listed on exchange each month, 1906 to 1912, and also range of prices each month.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
1906.													
Shares sold	57,348	202,975	353,875	420,506	72,782	100,550	54,175	48,841	19,025	24,100	6,445	16,322	1,316,944
Shares transferred	21,894	46,133	78,989	56,355	126,523	10,779	8,801	47,912	5,062	12,722	27,327	9,643	452,140
Shares listed	800,000												
Low price	168½	156	142½	130⅜	132½	137	132½	135	135½	137½	137	137½	
High price	181½	181	157⅜	145	141	147½	141	142⅜	141½	143½	140⅜	141	
1907.													
Shares sold	8,150	13,534	44,152	21,683	35,355	8,600	6,898	19,802	12,195	38,050	11,555	14,010	233,984
Shares transferred	15,918	19,000	16,770	13,720	33,175	7,545	6,993	23,447	7,877	23,745	30,408	13,090	211,688
Shares listed	800,000												
Low price	133	133	110	123½	111	113½	116½	99½	96½	74	80½	90	
High price	139	140	140½	134½	137½	121	122½	119	107	102½	96	98¾	
1908.													
Shares sold	15,580	6,676	40,216	47,996	70,931	15,995	102,960	91,560	335,413	108,097	338,562	257,757	1,431,743
Shares transferred	10,113	19,916	8,069	33,528	53,475	8,271	17,050	44,165	38,532	39,218	100,541	28,609	401,487
Shares listed	800,000			800,000			805,825			828,500			
Low price	96	97	96	112½	119	121½	124	134	136	139	142½	157⅜	
High price	105⅜	103	117½	123	129	126	141½	147⅜	154½	148¾	167½	167	
1909.													
Shares sold	339,219	89,830	8,540	48,875	121,375	64,645	26,550	177,110	78,750	47,600	185,806	265,718	1,434,018
Shares transferred	63,663	137,440	33,795	25,817	90,777	20,568	19,664	83,750	20,457	18,477	87,564	42,106	644,078
Shares listed	994,795			996,390			997,010			997,735			
Low price	117⅛	114½	126½	136	136¾	137¾	139	141	142½	137	142½	147½	
High price	165½	127⅞	140	139¾	148½	145⅞	143	149½	148¾	146½	151½	162	
1910.													
Shares sold	324,880	120,255	79,213	77,750	97,820	262,053	180,360	89,163	76,980	156,130	44,525	67,050	1,585,779
Shares transferred	44,821	153,031	24,628	31,372	83,617	40,681	40,664	96,303	13,361	34,636	75,622	19,710	658,446
Shares listed	997,810			998,090			998,090			998,160			
Low price	140½	139	140½	133½	130½	129	122½	123	128	132½	131	130	
High price	160⅜	147½	149¾	144⅞	142⅜	141½	138	133⅜	134⅜	138¾	138	137⅜	
1911.													
Shares sold	197,608	89,202	35,048	29,750	46,314	52,400	12,830	58,726	30,290	31,125	114,977	15,131	713,401
Shares transferred	46,349	86,434	16,399	13,380	81,151	27,687	10,276	54,033	16,898	12,764	65,328	14,107	444,806
Shares listed	998,160			998,160			998,165			998,165			
Low price	135⅜	138⅜	130½	140⅜	143⅜	144⅜	144⅜	132½	128⅜	134	138	136½	
High price	143⅜	145⅜	146½	145⅜	146⅜	148½	147	145½	136	139½	144½	139⅜	

1912.													
Shares sold	61,109	14,350	95,435	42,600	49,884	17,597	66,200	69,300	32,235	48,275	15,400	.....	512,385
Shares transferred	20,668	43,071	23,906	22,389	59,182	11,382	16,497	61,765	10,022	13,223	43,693	.....	325,768
Shares listed	.....	907,384	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Low price	138⅜	138½	139⅜	142⅜	139½	139⅜	142	144	143⅜	142	.....	.....	.....
High price	143½	140½	146	145⅝	145⅝	142½	146⅜	149½	147⅝	148½	.....	.....	.....

Ratio of shares sold to shares listed:

1906	1.72
1907	2.92
1908	1.77
1909	1.54
1910	1.60
1911	.72
1912	.51
Whole period	1.16

Ratio of shares transferred to shares sold:

1906	0.328
1907	.905
1908	.280
1909	.420
1910	.416
1911	.623
1912	.636
Whole period	.420

Total shares sold for period	7,388,254
Total shares transferred for period	3,138,413

EXHIBIT 105, DECEMBER 11, 1912.

Shares of common stock of Consolidated Gas Co. sold each day of the 13 most active months from 1906 to 1912, inclusive.

Day of month.	March, 1906.	April, 1906.	November, 1908.	December, 1908.	January, 1909.	December, 1909.	January, 1910.
1	13,100	.....	.....	30,600	.....	8,000	.....
2	19,600	35,700	5,645	19,000	3,100	8,000	.....
3	1,900	54,600	.....	8,700	.....	18,100	6,500
4	.....	28,000	3,800	13,800	52,575	17,700	6,700
5	14,500	11,900	9,752	3,500	93,780	.....	8,000
6	8,100	6,900	4,265	.....	57,900	5,275	6,800
7	5,600	5,500	500	14,970	12,250	7,500	11,200
8	9,500	.....	.....	3,375	9,200	2,000	2,900
9	5,300	2,700	5,880	7,000	3,200	6,700	.....
10	9,100	6,400	2,700	3,600	.....	9,300	6,300
11	.....	6,300	1,700	12,400	7,670	500	5,300
12	23,700	18,800	1,850	13,100	4,600	.....	10,300
13	17,300	18,400	18,700	.....	1,500	4,100	10,450
14	19,100	4,800	11,300	6,750	2,900	1,500	19,900
15	38,300	.....	.....	6,171	300	600	9,300
16	35,100	4,400	15,850	4,300	1,100	12,100	.....
17	8,500	23,100	7,500	13,000	.....	3,300	17,350
18	.....	10,400	6,100	8,875	2,600	14,100	17,600
19	24,500	13,100	21,900	10,250	850	.....	23,800
20	14,500	10,800	33,510	.....	1,300	38,150	10,400
21	13,200	1,900	4,300	26,100	450	34,135	15,000
22	4,200	.....	.....	8,350	1,200	13,600	8,000
23	6,900	4,300	16,025	4,300	.....	8,900	.....
24	1,800	4,100	28,350	4,600	.....	3,600	14,800
25	.....	28,100	17,320	.....	3,089	.....	24,900
26	11,200	51,000	.....	.....	46,850	.....	11,600
27	6,200	18,300	41,100	.....	14,295	9,700	15,900
28	1,700	4,500	34,750	9,840	9,975	5,300	6,400
29	20,700	.....	.....	3,800	2,600	11,000	6,300
30	6,800	13,000	25,200	4,000	1,900	9,100	.....
31	6,700	.....	.....	10,760	.....	22,300	12,450
MONTHLY SUMMARY.							
Shares sold	353,875	420,506	338,562	257,757	339,219	265,718	324,880
Shares transferred	78,989	56,355	100,541	28,609	63,663	42,106	44,821
Shares listed	800,000	.....	828,500	.....	994,795	.....	997,810
Low price	152¼	130⅜	142¼	157⅜	117⅛	147⅛	140½
High price	157⅞	145	167½	167	165½	162	160⅜

Shares of common stock of Consolidated Gas Co. sold each day of the 13 most active months from 1906 to 1912, inclusive—Continued.

Day of month.	February, 1910.	June, 1910.	July, 1910.	October, 1910.	January, 1911.	February, 1906.
1	4,800	11,550	14,100	2,300	.....	.....
2	3,320	5,500	.....	.....	.....	100
3	11,200	14,900	.....	4,500	5,400	.....
4	7,100	5,200	.....	2,800	9,400	.....
5	3,700	.....	8,100	3,800	29,525	400
6	.....	16,300	9,000	800	6,400	100
7	14,200	11,700	6,200	2,800	11,500	100
8	11,500	7,800	8,400	300	.....	100
9	6,400	4,700	3,700	.....	8,380	100
10	5,300	4,700	.....	400	13,000	100
11	4,200	2,725	6,200	3,500	12,400	.....
12	.....	.....	4,200	.....	7,300	.....
13	.....	3,400	3,800	13,600	5,300	4,700
14	4,700	8,400	11,600	8,900	2,700	600
15	5,100	4,700	7,300	3,500	.....	100
16	11,600	3,300	4,100	.....	2,400	1,200
17	7,750	1,900	.....	1,900	9,900	900
18	4,800	3,100	10,100	20,900	8,000	.....
19	3,100	.....	2,900	11,400	5,030	400
20	.....	5,770	1,700	6,400	11,100	600
21	3,400	14,650	8,200	7,300	2,200	300
22	.....	11,030	5,050	2,100	.....	.....
23	1,100	19,000	2,000	.....	14,100	9,200
24	1,550	15,350	.....	4,900	2,800	30,200
25	700	8,400	12,010	3,900	3,900	.....
26	1,300	.....	25,500	7,900	1,200	31,500
27	.....	20,600	7,850	22,200	5,600	35,400
28	2,200	12,400	11,280	6,200	900	21,400
29	.....	15,500	6,300	700	.....	.....
30	.....	23,300	3,200	.....	6,300	.....
31	.....	.....	.....	2,700	4,700	.....
MONTHLY SUMMARY.						
Shares sold	120,255	262,053	180,360	165,130	197,608	202,975
Shares transferred	153,031	40,681	40,664	34,636	46,349	46,133
Shares listed	997,810	998,090	.....	998,160	998,160	800,000
Low price	139	129	122½	132½	135½	156
High price	147⅛	141⅛	136	138¾	143¾	181

Exhibit 106, December 11, 1912.

Table showing shares of common stock of American Can Co. sold on New York Stock Exchange, shares transferred on company's books, and shares listed on Exchange each month, 1906 to 1912, and also range of prices each month.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
1907.													
Shares sold			7,510	10,492	4,215	3,037	33,640	2,185	2,185	6,200	2,000	5,750	77,214
Shares transferred	2,010	7,874	6,223	12,263	3,390	3,246	1,610	4,120	2,443	5,558	7,250	7,915	63,902
Shares listed	412,333												
Low price			5½	5½	5½	5⅛	5½	4½	4½	3	3⅛	3⅛	
High price			7	7⅛	6⅞	5⅞	5⅞	5¼	4⅞	4⅛	3⅞	4¼	
1908.													
Shares sold	10,500	2,300	3,150	7,470	2,700	1,200	12,600	10,100	2,650	21,585	53,805	11,910	139,970
Shares transferred	8,775	15,438	7,316	7,405	4,978	5,202	6,775	5,888	3,490	9,088	37,301	12,692	124,348
Shares listed	412,333												
Low price	4½	4	4½	4⅜	4⅜	4½	4⅜	5⅜	5½	5⅜	7	8½	
High price	5⅞	5	5	5⅜	5¼	5	6⅜	6¼	6	7⅜	10½	9¼	
1909.													
Shares sold	14,480	13,950	7,400	94,000	164,480	49,255	15,920	58,652	37,950	35,355	179,750	43,530	714,722
Shares transferred	7,308	22,296	4,981	37,942	83,363	26,059	12,561	19,017	14,431	19,404	52,259	22,507	322,128
Shares listed	412,333												
Low price	7⅞	7½	8	8½	10	11½	11	12½	12	11½	12	13	
High price	9½	9⅜	8⅞	12	14⅜	13⅞	12½	13⅜	13⅜	13⅜	15½	14⅞	
1910.													
Shares sold	40,050	18,850	19,550	17,710	7,625	22,470	25,325	15,350	6,810	25,230	34,250	11,090	244,310
Shares transferred	4,916	31,914	12,574	11,996	14,300	9,543	24,617	14,306	5,808	12,055	13,970	8,930	164,929
Shares listed	412,333												
Low price	10⅜	10	10⅜	8⅞	9⅜	6⅞	7	7⅜	7⅛	8⅛	9⅛	8½	
High price	13⅞	11⅞	13	11⅞	10½	9⅛	8⅞	9	8½	10⅜	10⅞	9⅜	
1911.													
Shares sold	12,465	12,778	16,640	32,556	86,085	11,915	13,020	18,000	18,370	19,850	67,260	39,985	348,924
Shares transferred	6,077	10,285	9,791	5,479	32,523	13,040	5,850	8,899	7,828	10,476	23,834	13,521	147,603
Shares listed	412,333												
Low price	8⅞	9	9⅛	9⅜	10⅛	10⅜	10⅛	9	9⅛	9⅜	10	10⅜	
High price	10⅜	10	10⅜	11	12½	12⅜	11⅜	11⅛	10⅜	10⅜	12⅜	12⅜	
1912.													
Shares sold	81,125	9,410	423,185	797,920	577,530	243,510	148,500	255,450	305,770	388,875	196,360		3,427,635
Shares transferred	5,567	26,217	60,332	89,315	57,472	38,451	23,038	31,022	18,127	36,564	25,214		411,319
Shares listed	412,333												
Low price	11⅛	11⅛	11⅜	20⅞	34⅛	32⅛	33⅛	37⅜	38⅜	38⅜			
High price	12⅜	12⅜	23½	39⅜	45	38½	37⅜	42	45½	47⅜			

Stock listed Feb. 8, 1907.

Ratio of shares sold to shares listed:	
1907	0.19
1908	.34
1909	1.73
1910	.59
1911	.85
1912	8.31
Whole period	2.01

Ratio of shares transferred to shares sold:	
1907	0.827
1908	.888
1909	.460
1910	.675
1911	.428
1912	.120
Whole period	.249

Shares sold for period	4,962,775
Shares transferred for period	1,234,220

EXHIBIT 107, DECEMBER 11, 1912.

CHART SHOWING MONTHLY SALES OF COMMON STOCK OF AMERICAN CAN COMPANY ON NEW YORK STOCK EXCHANGE AS COMPARED WITH NUMBER OF SHARES TRANSFERRED ON COMPANY'S BOOKS AND ALSO MONTHLY RANGE OF PRICES FROM 1907 TO 1912

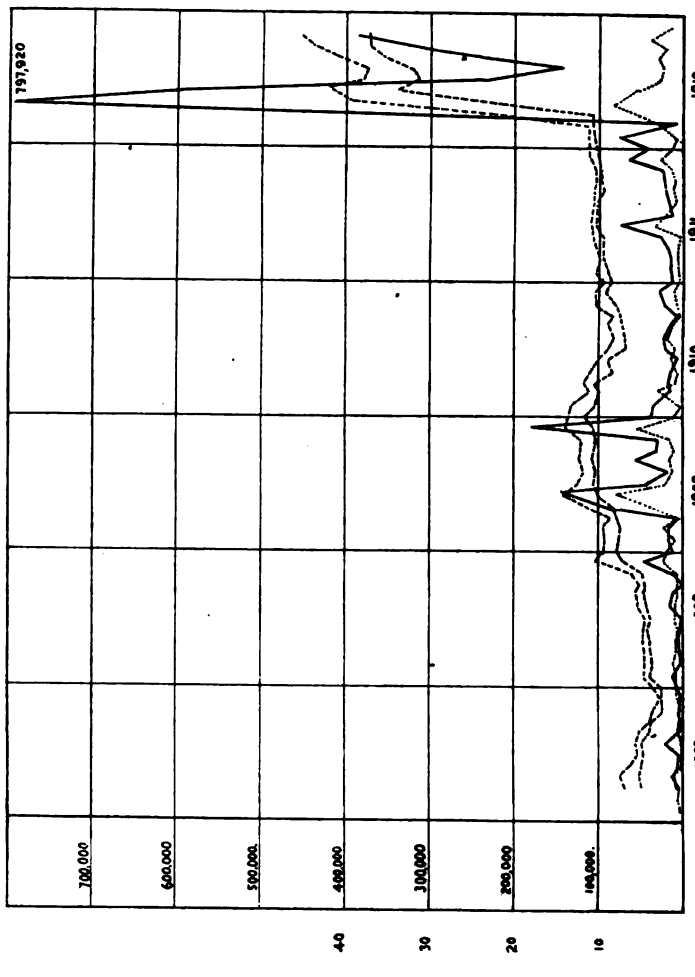


EXHIBIT 108, DECEMBER 11, 1912.

Shares of common stock of American Can Co. sold each day of the 13 most active months from 1906 to 1912, inclusive.

Day of month.	April, 1909.	May, 1909.	November, 1909.	May, 1911.	January, 1912.	March, 1912.	April, 1912.
1	1,700	600	200	2,530	.....	200	7,800
2	1,200	.....	.....	1,500	11,600	3,000	17,000
3	.....	1,600	300	2,700	6,350	.....	19,500
4	.....	1,100	4,900	1,300	15,500	1,000	27,500
5	.....	500	2,300	600	9,000	8,100	.....
6	1,200	2,000	300	500	500	3,400	.....
7	500	8,600	.....	.....	.....	1,800	.....
8	700	4,100	9,500	28,050	300	2,000	52,515
9	.....	.....	21,100	14,600	3,450	18,100	53,800
10	.....	25,500	8,900	2,100	225	.....	28,200
11	.....	24,600	35,900	2,400	100	16,690	40,900
12	2,800	27,510	12,900	1,300	800	5,300	62,400
13	400	10,350	2,700	100	100	10,000	30,300
14	1,600	9,685	.....	.....	.....	20,600	.....
15	4,100	2,600	5,100	900	200	19,500	102,600
16	3,000	.....	4,700	3,100	1,000	5,500	60,400
17	400	1,750	1,400	6,400	1,700	.....	22,400
18	.....	5,410	31,200	1,325	400	24,300	9,600
19	700	6,670	9,800	1,000	2,000	13,000	8,400
20	7,900	11,800	4,600	300	9,900	26,500	14,400
21	11,650	2,400	.....	.....	.....	20,100	.....
22	21,200	2,100	7,500	9,800	3,800	14,865	30,000
23	12,450	.....	1,400	3,200	9,800	16,800	13,900
24	3,200	1,900	1,100	1,400	1,150	.....	37,150
25	.....	2,350	.....	200	400	74,800	66,200
26	8,700	5,995	2,200	1,400	1,000	46,525	24,200
27	3,800	1,250	1,000	200	900	15,750	6,000
28	2,250	1,700	.....	.....	.....	22,000	.....
29	1,000	.....	1,100	.....	500	2,280	12,610
30	3,200	.....	3,200	.....	200	5,800	12,600
31	.....	.....	.....	500	3,600	.....	.....
MONTHLY SUMMARY.							
Shares sold	94,000	164,480	179,750	86,085	81,125	423,185	797,920
Shares transferred	37,942	83,363	52,259	32,523	5,567	60,332	89,315
Shares listed	412,333	.....	.....	.....	412,333	.....	.....
Low price	8⅛	10	12	10½	11½	11⅜	20⅞
High price	12	14⅛	15½	12½	12⅞	23¼	39⅛

Shares of common stock of American Can Co. sold each day of the 18 most active months from 1906 to 1912, inclusive—Continued.

Day of month.	May, 1912.	June, 1912.	July, 1912.	August, 1912.	September, 1912.	October, 1912.
1	28,500	.....	10,400	13,200	.....	13,200
2	46,000	.....	5,800	36,300	.....	27,700
3	33,800	8,415	2,300	8,800	4,100	7,100
4	13,800	13,000	.....	.....	3,500	13,900
5	.....	16,200	2,800	20,700	2,000	7,800
6	40,200	18,050	1,700	12,700	1,050	.....
7	41,000	4,400	.....	9,100	800	20,520
8	23,600	4,600	6,500	16,700	.....	8,200
9	15,550	.....	8,800	5,600	6,400	12,500
10	28,300	4,800	8,000	7,000	7,500	36,700
11	24,400	21,200	15,400	.....	7,700	53,000
12	.....	7,800	18,500	21,700	5,100	.....
13	12,100	2,800	3,300	15,600	4,600	.....
14	15,400	7,750	.....	6,700	1,300	22,900
15	26,100	7,600	6,300	7,800	.....	10,000
16	56,800	.....	8,300	4,600	20,000	4,100
17	16,700	7,800	5,500	7,100	22,600	2,500
18	4,600	2,900	2,200	.....	13,800	4,700
19	.....	12,700	5,700	20,200	63,100	900
20	5,600	33,800	2,400	5,700	42,100	.....
21	4,300	16,300	.....	2,300	8,000	10,300
22	12,900	2,200	2,200	14,500	.....	6,900
23	42,900	.....	700	2,400?	15,400	27,200
24	12,900	13,500	3,500	700	8,900	22,000
25	300	8,100	3,000	.....	19,100	13,000
26	.....	11,800	2,800	2,200	13,500	3,800
27	5,900	8,100	100	2,100	4,200	.....
28	4,800	2,900	.....	2,200	6,800	3,610
29	11,000	10,300	2,300	1,800	.....	11,400
30	.....	.....	1,800	1,700	13,600	21,925
31	33,900	.....	14,300	.....	.....	9,200
MONTHLY SUMMARY.						
Shares sold	577,530	243,510	148,500	255,450	305,770	388,875
Shares transferred	57,472	38,451	23,038	31,022	18,127	36,564
Shares listed	412,333	.....	.....	.....	.....	.....
Low price	34¼	32½	33¾	37⅞	38¾	38¾
High price	43	38¾	37⅞	42	45¾	47⅞

EXHIBIT 109, DECEMBER 11, 1910.

[Exhibit A.]

The undersigned, being desirous of purchasing at least 20,000 shares of the common stock of the Columbus & Hocking Coal & Iron Co., do hereby agree to purchase the same, or so much thereof as in the opinion of the hereinafter appointed managers may be deemed advisable, in the proportion set opposite the respective names of said subscribers, and we hereby appoint James R. Keene our agent and manager to make such purchases at such time or times before the 1st day of September, 1909, unless sooner dissolved by the majority of the stock subscribed, in such manner and amounts and at such prices as in his judgment shall be to our mutual advantage.

Each one signing this agreement to pay on demand for so much of said purchases as his subscription (as near as may be practicable) bears to the whole amount subscribed, as such agent or manager may require. Also to return the same amount of certificates or part thereof at any time when called for before the 1st day of September, 1909, on receiving from the manager the amount paid therefor, with interest at 5 per cent per annum. We further agree on any call from said manager to deliver to said manager the same certificates theretofore delivered to us by him.

Further, we hereby authorize the said agent and manager to sell at his discretion the whole or any part of the certificates purchased and again buy, so buying and selling at his discretion.

It is further agreed that any profits or losses incurred through the purchase and sale of said certificates shall be divided in proportion to the amount subscribed for by each one signing this agreement. No one signing this agreement shall have the right to call for a statement of accounts growing out of transactions herein authorized except on the request in writing of 60 per cent in amount of certificates subscribed.

We hereby agree to reimburse the said agent and manager for any commissions paid by him to such brokers as he may deem advisable to employ in the execution of the herein-authorized purchases and sales and such other expenses as he may incur and which to him may seem for the best interests of all parties to this agreement.

This agreement is not to be binding on the undersigned until certificates for 20,000 shares are subscribed and thereupon this agreement shall become operative. Subscriptions beyond this amount may be received by the agent and manager up to 30,000 shares.

The original hereof shall be signed by the manager. Counterparts hereof may be signed by subscribers and all shall be taken together and deemed to be one original instrument, and upon the agreement becoming operative the manager shall notify the subscribers.

In witness whereof, the parties have signed this agreement as of March 1, 1909.

_____ _____,
Manager.

EXHIBIT 110, DECEMBER 11, 1912.

Sales of copper made by the United Metals Selling Co., May 1, 1906, to April 30, 1908, inclusive.

Daily sales book No.	Folio.	Month.	Electrolytic.	Average price.	Prime lake.	Average price.	Pig copper.	Average price.	Arsenical lake.	Average price.
		1906.	*Pounds.*	*Cents.*	*Pounds.*	*Cents.*	*Pounds.*	*Cents.*	*Pounds.*	*Cents.*
17	39	May	48,524,629	18.628	7,064,460	18.777	3,528,000	18.264	4,504,800	18.56
17	44	June	15,782,224	18.592	4,244,600	18.802	1,792,000	18.145	1,876,711	18.53
16	4	July	15,626,100	18.522	1,010,800	18.714	2,856,000	17.562	449,600	18.482
16	14	August	83,723,395	18.555	8,678,664	18.743	5,040,000	18.111	5,845,600	18.495
16	23	September	43,342,100	19.171	7,114,000	19.261	3,360,000	18.976	5,632,000	18.986
16	31	October	27,851,745	20.857	6,413,440	21.105	2,800,000	20.974	4,953,200	20.968
16	38	November	40,111,763	22.05	5,728,000	22.028	3,360,000	21.832	3,722,000	22.046
16	45	December	39,609,418	23.03	4,918,297	23.282	1,624,000	22.478	5,672,000	22.977
Total			314,571,374		45,172,261		24,360,000		32,655,911	
		1907.								
16	49	January	7,464,125	24.276	3,805,600	24.522	1,344,000	24.009	4,849,200	24.59
16	53	February	21,828,166	25.029	1,566,000	25.248	2,464,000	23.662	3,788,812	25.001
16	57	March	11,362,293	25.484	744,069	25.633	1,848,000	24.214	2,780,043	25.134
16	59	April	70,021		250,000	25.50	4,144,410	22.137	180,032	25.25
16	61	May	409,644		112,000	25.766	2,856,000	22.522	30,000	25.25
16	63	June	454,909	22.353			2,589,510	21.313	1,120	25.455
16	65	July	934,574		362		9,589		211,152	
			3,959,177		1,002,000	22.135	2,744,000	20.841	812,000	21.75
16	67	August	40,000	15.384			3,304,560	17.393	2,572	21.75
16	70	September	5,637,301		1,250,417	15.588	1,904,000	15.457	1,200,400	15.583
16	81	October	93,276,829	13.028	8,815,600	13.057	5,320,000	13.378	7,977,759	12.858
16	87	November	46,844,440	13.623	2,658,000	13.768	3,142,720	13.732	2,666,000	13.645
16	92	December	26,614,158	13.642	3,789,010	13.75	2,408,000	13.261	3,611,200	13.582
Total			217,961,063		23,992,696		34,069,200		27,899,138	
		1908.								
16	96	January	12,560,068	14.128	2,999,325	14.084	4,760,000	13.663	2,250,800	14.007
15	1	February	67,649,673	12.639	10,328,956	12.763	5,096,000	12.804	5,401,821	12.645
15	8	March	34,453,711	12.949	5,724,021	12.972	5,488,000	12.661	6,685,600	12.963
15	10	April	15,423,770	12.894	1,500,021	12.907	3,248,000	12.575	1,319,600	12.896
Total			130,087,222		20,552,323		18,592,000		15,657,821	

Exhibit 111, December 11, 1912.

Total cash advances to mining companies.

May, 1906	$6,181,638	May, 1907	$7,293,008
June, 1906	6,205,549	June, 1907	8,113,493
July, 1906	12,120,527	July, 1907	12,094,061
August, 1906	7,484,100	August, 1907	7,740,152
September, 1906	6,382,509	September, 1907	8,210,383
October, 1906	12,646,396	October, 1907	6,800,706
November, 1906	7,166,307	November, 1907	5,350,963
December, 1906	8,597,903	December, 1907	3,984,496
January, 1907	12,739,627	January, 1908	5,106,921
February, 1907	8,512,562	February, 1908	4,707,866
March, 1907	8,625,556	March, 1908	4,015,124
April, 1907	13,256,008	April 1908	6,136,679

Cash advances to mining companies May 1, 1906, to Apr. 30, 1908.

Month.	Arizona Copper Co.	Bingham C. M. & S. Co.	Boston Cons. Mining Co.	Newhouse M. & S. Co.	Red Metal Mining Co.	Pennsylvania Salt Mfg. Co.	Tennessee Copper Co.
1906.							
May	$295,000.00	$228,000.00	.....	$70,000.00	$125,000.00	.....	$175,610.89
June	260,000.00	246,000.00	.....	120,000.00	436,500.00	$50,000.00	106,471.89
July	875,000.00	148,000.00	.....	50,000.00	459,000.00	50,000.00	168,601.18
August	240,000.00	191,000.00	.....	50,000.00	394,000.00	75,000.00	80,252.52
September	190,000.00	65,000.00	.....	.....	417,000.00	75,000.00	120,328.97
October	380,000.00	216,000.00	.....	.....	180,000.00	350,000.00	248,182.70
November	230,000.00	38,000.00	.....	.....	230,000.00	75,000.00	103,064.63
December	530,000.00	34,000.00	.....	120,000.00	.....	100,000.00	149,690.28
1907.							
January	240,000.00	34,000.00	.....	60,000.00	.....	150,000.00	176,012.17
February	740,000.00	35,000.00	$100,000.00	50,000.00	.....	.....	299,508.81
March	360,000.00	39,000.00	195,000.00	160,000.00	.....	.....	122,786.01
April	530,000.00	65,000.00	.....	95,000.00	.....	.....	204,654.01
May	280,000.00	39,000.00	200,000.00	105,000.00	.....	.....	130,284.57
June	580,000.00	16,000.00	135,000.00	145,000.00	.....	.....	290,433.48
July	880,000.00	17,000.00	175,000.00	110,000.00	.....	.....	499,812.15
August	350,000.00	.....	100,000.00	440,000.00	.....	150,000.00	484,088.51
September	480,000.00	.....	100,000.00	85,000.00	.....	50,000.00	198,227.99
October	440,000.00	.....	.....	.....	.....	300,000.00	81,320.05
November	400,000.00	.....	.....	35,000.00	.....	80,000.00	218,747.45
December	255,000.00	.....	25,000.00	81,000.00	.....	.....	.....
1908.							
January	270,000.00	40,266.67	55,000.00	82,000.00	.....	50,000.00	52,296.83
February	470,000.00	.....	35,000.00	50,000.00	.....	.....	331,156.89
March	155,000.00	.....	.....	95,000.00	.....	.....	58,046.17
April	400,000.00	.....	.....	100,000.00	.....	350,000.00	158,493.60

Month.	Tacoma Smelting Co.	El Cobre.	Utah Copper Co.	Copper Range Cons. Co.	Baltic Mining Co.	Champion Copper Co.	Trimountain Mining Co.
1906.							
May	$51,000.00	$75,511.66	$73,806.53	.....	$150,000.00	$150,000.00	$100,000.00
June	65,900.00	65,878.87	88,471.17	.....	150,000.00	200,000.00	100,000.00
July	6[illegible],000.00	.....	69,783.18	.....	250,000.00	200,000.00	95,000.00
August	[illegible]0,000.00	204.41	5,879.70	$250,000.00	121,000.00	200,000.00	79,000.00
September	165,000.00	.....	114,066.25	500,000.00	.....	29,777.80	30,790.12
October	282,400.00	55,010.55	97,910.63	500,000.00	.....	.....	.....
November	307,700.00	.....	117,013.96	650,000.00	.....	.....	.....
December	334,000.00	38,000.00	36,849.58	650,000.00	.....	.....	.....
1907.							
January	218,100.00	27,146.30	301,061.77	650,000.00	.....	.....	.....
February	24,700.00	6,382.40	.....	800,000.00	.....	.....	.....
March	.....	.....	75,000.00	850,000.00	.....	.....	.....
April	79,318.10	.....	.....	800,000.00	.....	.....	.....
May	.....	.....	.....	600,000.00	.....	.....	.....
June	.....	.....	186,754.91	650,000.00	.....	.....	.....
July	.....	.....	.....	300,000.00	.....	.....	.....
August	.....	.....	255,000.00	200,000.00	.....	.....	.....
September	.....	.....	271,000.00	650,000.00	.....	.....	.....
October	.....	.....	137,000.00	100,000.00	.....	.....	.....
November	.....	.....	255,000.00	200,000.00	.....	.....	.....
December	.....	.....	195,000.00	900,000.00	.....	.....	.....
1908.							
January	.....	.....	335,000.00	700,000.00	.....	.....	.....
February	.....	.....	295,000.00	700,000.00	.....	.....	.....
March	.....	.....	330,000.00	400,000.00	.....	.....	.....
April	.....	.....	115,000.00	450,000.00	.....	.....	.....

Cash advances to mining companies May 1, 1906, to April 30, 1908—Continued.

Month.	Cerro De Pasco.	Anaconda Copper Mining Co.	Washoe Copper Co.	Parrot Silver & Copper Co.	Butte & Boston Mining Co.	Trenton Development Co.	Boston & Montana Cons. C. & S. M. Co.
1906.							
May	.....	$1,845,000	.....	.....	$64,000	.....	$940,000
June	.....	1,660,000	.....	.....	85,000	.....	745,000
July	.....	3,335,000	.....	.....	93,000	.....	2,810,000
August	.....	1,720,000	$1,500,000	.....	82,000	.....	660,000
September	.....	1,809,000	.....	.....	299,000	.....	720,000
October	.....	3,650,000	1,590,000	.....	105,000	$250,000	2,630,000
November	$10,000	2,450,000	50,000	$70,000	168,000	.....	850,000
December	.....	1,375,000	2,538,000	44,000	137,000	45,000	695,000
1907.							
January	2,926.23	3,305,000	1,194,000	63,000	228,000	39,000	2,573,000
February	.....	1,185,000	1,998,000	43,000	128,000	40,000	690,000
March	.....	1,540,000	900,000	320,000	197,000	207,000	900,000
April	.....	3,710,000	1,530,000	40,000	2,190,000	470,000	850,000
May	.....	910,000	1,335,000	70,000	230,000	80,000	945,000
June	.....	1,215,000	1,570,000	130,000	250,000	80,000	790,000
July	.....	3,430,000	1,385,000	70,000	200,000	85,000	2,615,000
August	.....	1,030,000	1,365,000	75,000	225,000	75,000	770,000
September	.....	1,280,000	1,090,000	170,000	330,000	85,000	880,000
October	.....	355,000	430,000	45,000	135,000	105,000	1,695,000
November	.....	1,215,000	140,000	60,000	119,000	135,000	695,000
December	.....	200,000	212,000	55,000	128,000	43,000	605,000
1908.							
January	.....	893,000	60,000	15,000	50,000	.....	1,071,000
February	.....	635,000	270,000	40,000	105,000	80,000	770,000
March	.....	205,000	85,000	15,000	170,000	15,000	765,000
April	.....	1,225,000	765,000	25,000	140,000	45,000	1,185,000

Month.	Osceola Con. Mining Co.	Isle Royale Copper Co.	Tamarack Mining Co.	Greene Cons. Copper Co.	Utah Cons. Mining Co.	United Metals Selling Co.	Cananea Cons. Copper Co.
1906.							
May	$125,000	$40,000	$95,000	$577,423.58	$170,000	$831,285.47	.....
June	165,000	25,000	110,000	828,322.66	110,000	588,005.42	.....
July	817,000	15,000	195,000	460,280.19	910,000	503,863.70	.....
August	200,000	40,000	135,000	680,072.23	150,000	260,691.96	.....
September	260,000	30,000	255,000	733,647.80	160,000	480,399.04	.....
October	215,000	30,000	155,000	934,216.03	160,000	617,677.76	.....
November	225,000	40,000	135,000	918,885.90	225,000	273,644.08	.....
December	235,000	40,000	135,000	690,249.84	200,000	471,114.41	.....
1907.							
January	777,000	55,000	305,000	380,605.03	1,025,000	495,570.35	$440,206.35
February	190,000	30,000	130,000	109,544.04	185,000	1,105,613.12	622,814.12
March	245,000	35,000	165,000	267,420.97	175,000	1,789,367.92	82,981.18
April	200,000	35,000	150,000	102,371.90	625,000	1,579,664.59	.....
May	180,000	255,000	140,000	168,926.90	175,000	1,449,797.47	.....
June	270,000	50,000	150,000	22,480.88	185,000	909,894.40	487,930.08
July	893,000	.....	420,000	.....	535,000	1,154,269.18	325,000.00
August	196,000	.....	150,000	.....	125,000	1,651,064.04	100,000.00
September	210,000	20,000	160,000	.....	115,000	1,077,156.78	969,000.00
October	220,000	65,000	150,000	.....	425,000	1,167,386.89	950,000.00
November	180,000	70,000	160,000	.....	200,000	988,216.37	200,000.00
December	130,000	45,000	100,000	.....	150,000	715,496.93	125,000.00
1908.							
January	195,000	80,000	125,000	.....	265,000	598,358.27	170,000.00
February	135,000	50,000	135,000	.....	.....	456,710.72	200,000.00
March	180,000	132,000	130,000	.....	75,000	566,578.21	638,500.00
April	155,000	50,000	120,000	.....	244,000	459,186.03	150,000.00

EXHIBIT 112, DECEMBER 11, 1912.

Balances of copper, silver, and gold.

Date.	Copper.	Silver.	Gold.
1906.	*Pounds.*	*Ounces.*	*Ounces.*
Apr. 30	34,362 476	1,431,689.76	16,472.626
May 31	36,647,779	1,574,996.38	17,532.372
June 30	43,967,119	1,762,216.04	22,743.996
July 31	46,325,321	1,755,765.54	23,555.437
Aug. 31	36,127,549	1,606,640.39	24,103.614
Sept. 30	29,633,274	1,365,607.11	21,269.394
Oct. 31	24,501,064	1,006,444.71	16 511.289
Nov. 30	19,240,839	936,605.32	17,437.678
Dec. 31	18,879,143	947,050.41	18,936.882
1907.			
Jan. 31	23,104,582	1,079,068.38	18,194.065
Feb. 28	22,455,734	1,054,694.12	15,392.355
Mar. 31	29,568,418	1,350,520.26	17,676.404
Apr. 30	36,686,285	1,749,417.49	21,093.661
May 31	49,140,254	2,171,742.89	24,153.431
June 30	66,088,386	2,523,966.53	25,249.269
July 31	89,818,981	2,490,203.55	23,372.215
Aug. 31	119,570,737	2,697,381.51	21,417.100
Sept. 30	140,566,219	2,633,751.98	19,959.405
Oct. 31	161,230,471	2,413,421.14	20,951.732
Nov. 30	138,452,026	2.252,456.25	20,546.230
Dec. 31	105,869,707	2,044,900.54	23,347.710
1908.			
Jan. 31	80,775,357	1,675,070.35	23,118.000
Feb. 28	71,596,513	1,260,667.02	18,663.110
Mar. 31	60 077,863	980,652.83	14,255.513
Apr. 30	56,044,852	1,328,900.41	11.023.618

EXHIBITS 127, 128, AND 129, DECEMBER 16, 1912.

Roberts, Hall & Criss.

Date.	Purchased from—				Date.	Sold to—			
	Shares.	Price.	Name.			Shares.	Price.	Name.	
1909.					1909.				
Nov. 12	100 H. C. I..	80½	Jewett Bros	Jewett Bros.[1 2]	Nov. 12	100 H. C. I..	80⅞	Van Schaick & Co	F. B. Duryea.[1 2]
13	100 H. C. I..	80½	Day, Adams & Co	Day, Adams & Co.[1 2]	15	100 H. C. I..	81	Dominick & Dominick	Dominick & Dominick.[1 2]
15	100 H. C. I..	80½	Schuyler, Chadwick & Burnham.	Schuyler, Chadwick & Burnham.[1 2]	17	100 H. C. I..	85⅛	Mestre & Co	Mestre & Co.[1 2]
						100 H. C. I..	84⅝	Dick Bros. & Co	Dick Bros. & Co.[1 2]
	200 H. C. I..	80⅜	Lathrop, Haskins & Co	Lathrop, Haskins & Co.[1 2]		100 H. C. I..	85	C. M. Schott, jr., & Co	C. M. Schott, jr., & Co.[1 2]
	200 H. C. I..	80½	Schuyler, Chadwick & Burnham.	Schuyler, Chadwick & Burnham.[1 2]	18	100 H. C. I..	87⅜	A. Lipper & Co	A. Lipper & Co.[1 2]
						100 H. C. I..	87½	W. B. Franklin & Co	W. B. Franklin & Co.[1 2]
16	100 H. C. I..	84	Dick Bros. & Co	Dick Bros. & Co.[1 2]	19	100 H. C. I..	88	Smith, Heck & Co	Smith, Heck & Co.[1 2]
18	100 H. C. I..	87	A. J. Elias & Co	A. J. Elias & Co.[1 2]	20	200 H. C. I..	87	A. J. Elias & Co	A. J. Elias & Co.[1 2]
	100 H. C. I..	87⅛	Sichel & Frank	Sichel & Frank[1 2]	22	100 H. C. I..	86⅜	De Coppet & Doremus	De Coppet & Doremus.[1 2]
	100 H. C. I..	87½	Schuyler, Chadwick & Burnham.	Schuyler, Chadwick & Burnham.[1 2]	23	100 H. C. I..	85½	Rollins & Co	Rollins & Co.[1 2]
						100 H. C. I..	85⅞	Day, Adams & Co	Day, Adams & Co.[1 2]
22	100 H. C. I..	86	Barbour & Co	Barbour & Co.[1 2]	30	100 H. C. I..	84½	A. J. Elias & Co	A. J. Elias & Co.[1 2]
	100 H. C. I..	86⅛	Post & Flagg	Post & Flagg[1 2]	Dec. 2	100 H. C. I..	87	F. W. Duryea & Co	J. M. Fiske & Co.[1 2]
29	100 H. C. I..	85½	Carlisle, Mellick & Co	Carlisle, Mellick & Co.[1 2]	8	100 H. C. I..	87½	Day, Adams & Co	Day, Adams & Co.[1 2]
30	200 H. C. I..	85	Sichel & Frank	Sichel & Frank[1 2]		100 H. C. I..	86½	....do	Do.[1 2]
Dec. 1	200 H. C. I..	86⅛	Lathrop, Haskins & Co	Lathrop, Haskins & Co.[1 2]		300 H. C. I..	90	J. M. Fiske & Co	J. M. Fiske & Co.[1 2]
8	100 H. C. I..	87	Herrick, Berg & Co	R. A. Lancaster & Sons[1 2]	9	100 H. C. I..	90⅜	Lindley & Co	Lindley & Co.[1 2]
	100 H. C. I..	86	Whitehouse & Co	Whitehouse & Co.[1 2]	27	200 H. C. I..	89	J. M. Fiske & Co	J. M. Fiske & Co.[1 2]
	100 H. C. I..	88⅜	Hopkins Bros	Hopkins Bros.[1 2]	29	100 H. C. I..	89⅜	Barton & Bartol	Barton & Bartol.[1 2]
	300 H. C. I..	87⅜	O'Loughlin & Rudell	Foster & Lounsbery[1 2]	30	100 H. C. I..	90⅜	H. H. Cone	Foster & Lounsbery.[1 2]
13	100 H. C. I..	89⅜	Jewett Bros	Jewett Bros.[1 2]		100 H. C. I..	90⅜	....do	Do.[1 2]
29	100 H. C. I..	89⅜	Frenaye, Wright & Slade, account Davis.	Wassermann Bros.[1 2]		100 H. C. I..	90⅜	De Coppet & Doremus	De Coppet & Doremus.[1 2]
						100 H. C. I..	90⅜	R. A. Lancaster & Sons	R. A. Lancaster & Sons.[1 2]
	100 H. C. I..	89	Wm. Evans, jr., & Co	....do.[1 2]	31	100 H. C. I..	91½	Johnson, Wood & Rogers	Johnson, Wood & Rogers.[1 2]
	100 H. C. I..	89⅜	Foster & Lounsbery	Foster & Lounsbery[1 2]					
	100 H. C. I..	90⅜	Barton & Bartol	Barton & Bartol[1 2]		100 H. C. I..	91⅜	....do	Do.[1 2]
30	100 H. C. I..	90	E. F. Hutton & Co	E. F. Hutton & Co.[1 2]		100 H. C. I..	91⅜	H. H. Cone	Foster & Lounsbery.[1 2]
	100 H. C. I..	90⅜	Williams, Nichols & Moran	Williams, Nichols & Moran.[1 2]		100 H. C. I..	91⅜	Langhaar	Currie & Boyce.[1 2]
						100 H. C. I..	91½	Wrenn Bros	Wrenn Bros.[1 2]
	200 H. C. I..	90½	J. M. Fiske & Co	J. M. Fiske & Co.[1 2]		100 H. C. I..	91⅜	Libaire & Cooke	Libaire & Cooke.[1 2]
31	100 H. C. I..	91	De Coppet & Doremus	De Coppet & Doremus[1 2]	1910.				
	100 H. C. I..	91½	H. H. Cone	Foster & Lounsbery[1 2]	Jan. 3	100 H. C. I..	91⅞	Rogers & Gould	Rogers & Gould.[1 2]
	100 H. C. I..	91½	....do	....do.[1 2]		100 H. C. I..	92	W. T. Hatch & Sons	W. T. Hatch & Sons.[1 2]
	100 H. C. I..	91⅜	Kelly, Howell & Co	Kelly, Howell & Co.[1 2]	4	200 H. C. I..	92	Foster & Lounsbery	Foster & Lounsbery.[1 2]
						200 H. C. I..	92⅛	....do	Do.[1 2]
1910.									
Jan. 3	100 H. C. I..	91⅞	De Haven & Townsend	De Haven & Townsend[1 2]		200 H. C. I..	92½	Chas. Gregory & Co	Chas. Gregory & Co.[1 2]

[1] Give up. [2] Cleared by Roberts, Hall & Criss. [3] Cleared by Foster & Lounsbery.

Roberts, Hall & Criss—Continued.

Date.	Purchased from—				Date.	Sold to—			
	Shares.	Price.	Name.			Shares.	Price.	Name.	
1910.					1910.				
Jan. 4	200 H. C. I..	92	Hetherington & Co.....	Hetherington & Co.[1 2].....	Jan. 5	100 H. C. I..	92½	De Coppet & Doremus....	De Coppet & Doremus.[1 2]
	200 H. C. I..	92⅜	Foster & Adams.....	Foster & Adams[1 2].....		100 H. C. I..	91½	H. H. Cone.....	Foster & Lounsbery.[1 2]
	200 H. C. I..	92½	Ulman & Co.....	Ulman & Co.[1 2].....		100 H. C. I..	91½	Chas. Gregory & Co.....	Chas. Gregory & Co.[1 2]
	100 H. C. I..	91¾	Currie & Boyce.....	Currie & Boyce[1 2].....		100 H. C. I..	91½	Chisholm & Chapman.....	Chisholm & Chapman.[1 2]
	100 H. C. I..	92⅜	Chisholm & Chapman.....	Chisholm & Chapman[1 2]..		100 H. C. I..	91¾	H. H. Cone.....	Foster & Lounsbery.[1 2]
5	100 H. C. I..	91½	Wassermann Bros.....	Wassermann Bros.[1 2].....	6	100 H. C. I..	91½	.....do.....	Do.
	100 H. C. I..	91½	S. D. Brown.....	S. D. Brown[1 2].....		100 H. C. I..	91½	.....do.....	Do.
	100 H. C. I..	91⅜	.....do.....	.....do.....	7	100 H. C. I..	91⅜	.....do.....	Do.
	100 H. C. I..	91⅜	W. B. Franklin & Co.....	W. B. Franklin & Co.[1 2]...		100 H. C. I..	92	Chas. Gregory & Co.....	Chas. Gregory & Co.[1 2]
6	100 H. C. I..	91½	Keene, Zayas & Potts.....	Keene, Zayas & Potts[1 2]...	8	100 H. C. I..	91⅜	Foster & Lounsbery.....	Foster & Lounsbery.[1 2]
	100 H. C. I..	91½	.....do.....	.....do.....		100 H. C. I..	91⅞	.....do.....	Do.
7	100 H. C. I..	91⅜	W. B. Franklin & Co.....	W. B. Franklin & Co.[1 2]...	10	100 H. C. I..	91½	Chas. Gregory & Co.....	Chas. Gregory & Co.[1 2]
	100 H. C. I..	92	.....do.....	.....do.....		100 H. C. I..	91⅞	.....do.....	Do.
8	100 H. C. I..	91⅜	Johnson, Wood & Rogers...	Johnson, Wood & Rogers[1 2]	11	100 H. C. I..	91½	.....do.....	Do.
	100 H. C. I..	91⅜	.....do.....	.....do.....		100 H. C. I..	91⅜	.....do.....	Do.
10	100 H. C. I..	91½	Keene, Zayas & Potts.....	Keene, Zayas & Potts[1 2]..	12	100 H. C. I..	91⅜	Clarke, Dodge & Co.....	Clarke, Dodge & Co.[1 2]
	100 H. C. I..	91½	.....do.....	.....do.....	13	100 H. C. I..	91½	Chas. Gregory & Co.....	Chas. Gregory & Co.[1 2]
11	100 H. C. I..	91½	.....do.....	.....do.....		100 H. C. I..	91⅜	.....do.....	Do.
	100 H. C. I..	91⅜	.....do.....	.....do.....		100 H. C. I..	91½	H. H. Cone.....	Foster & Lounsbery.[1 2]
13	200 H. C. I..	91½	G. C. Greenway, jr.....	E. Mayer, jr., & Co.[1 2]....		100 H. C. I..	91½	.....do.....	Do.
	100 H. C. I..	91½	J. R. Williston & Co.....	J. R. Williston & Co.[1 2]....		100 H. C. I..	91¾	Foster & Lounsbery.....	Do.
	100 H. C. I..	91⅜	.....do.....	.....do.....		100 H. C. I..	91½	Chas. Gregory & Co.....	Chas. Gregory & Co.[1 2]
	100 H. C. I..	91½	Emanuel Parker & Co.....	Emanuel Parker & Co.[1 2]..	14	100 H. C. I..	91½	.....do.....	Do.
	100 H. C. I..	91½	Keene, Zayas & Potts.....	Keene, Zayas & Potts[1 2]..		100 H. C. I..	91½	.....do.....	Do.
	100 H. C. I..	91½	.....do.....	.....do.....		100 H. C. I..	90¼	.....do.....	Do.
	100 H. C. I..	91½	Herrick, Berg & Co.....	Herrick, Berg & Co.[1 2].....		100 H. C. I..	91	.....do.....	Do.
	100 H. C. I..	91½	.....do.....	.....do.....		200 H. C. I..	89½	Rollins & Co.....	Rollins & Co.[1 2]
14	100 H. C. I..	91⅜	Williams, Nichols & Moran..	Williams, Nichols & Moran.[1 2]	15	100 H. .C I..	89⅜	Foster & Lounsbery.....	Foster & Lounsbery.[1 2]
	100 H. C. I..	91⅜	.....do.....	.....do.....	17	100 H. C. I..	90	.....do.....	Do.
	100 H. C. I..	91	C. R. Auchincloss.....	C. R. Auchincloss[1 2].....		100 H. C. I..	89½	.....do.....	Do.
15	100 H. C. I..	89⅜	W. B. Franklin & Co.....	W. B. Franklin & Co.[1 2]...		100 H. C. I..	89½	.....do.....	Do.
17	100 H. C. I..	90	.....do.....	.....do.....		200 H. C. I..	89	Chas. Gregory & Co.....	Chas. Gregory & Co.[1]
	100 H. C. I..	89½	Kelly, Howell & Co.....	Kelly, Howell & Co.[1 2]....		100 H. C. I..	89	.....do.....	Do.
	100 H. C. I..	89¼	.....do.....	.....do.....	18	100 H. C. I..	88¾	.....do.....	Do.
	200 H. C. I..	89	Keene, Zayas & Potts.....	Keene, Zayas & Potts[1 2]..		100 H. C. I..	88¾	.....do.....	Do.
	100 H. C. I..	89	J. M. Brown.....	J. M. Brown[1 2].....		100 H. C. I..	88½	Foster & Lounsbery.....	Foster & Lounsbery.[1 2]
	100 H. C. I..	88⅞	Day, Adams & Co.....	Day, Adams & Co.[1 2].....		200 H. C. I..	88	J. M. Fiske & Co.....	J. M. Fiske & Co.[1 2]
18	100 H. C. I..	88½	Foster & Lounsbery.....	Foster & Lounsbery[1 2]....		100 H. C. I..	89	Baylis & Co.....	Baylis & Co.[1 2]
	100 H. C. I..	88¼	.....do.....	.....do.....		100 H. C .I..	88⅛	Foster & Lounsbery.....	Foster & Lounsbery.[1 2]
						100 H. C. I..	88¼	.....do.....	Do.

100 H. C. I..	88½	W. B. Franklin & Co.....	W. B. Franklin & Co.[1] [2]...	100 H. C. I..	89	Chas. Gregory & Co.....	Chas. Gregory & Co.[1]
100 H. C. I..	88½	C. W. McQuoid & Co.....	C. W. McQuoid & Co.[1] [2]...	200 H. C. I..	88	Lathrop, Haskins & Co...	Lathrop, Haskins & Co.[1]
100 H. C. I..	88½	De Coppet & Doremus.....	De Coppet & Doremus [1] [2]..				
100 H. C. I..	88½	Chas. Head & Co.....	Chas. Head & Co.[1] [2].....				
100 H. C. I..	88½	W. S. Lawson & Co.....	W. S. Lawson & Co.[1] [2]....				
100 H. C. I..	88½	Simmons & Slade.....	Simmons & Slade [1] [2].....				
100 H. C. I..	88½	.....do.....	.....do.....				
100 H. C. I..	89	Williams, Nichols & Moran..	Williams, Nichols & Moran.[1] [2]				
Total, 9,000	.....	.....	.....		8,800.....	.....	
					200 balance	.....	
Grand total, 9,000	.....	.....	.....	.....	9,000.....	.....	
200 "long."							

[1] Give up.

[2] Cleared by Roberts, Hall & Criss.

[3] Cleared by Foster & Lounsbery.

EXHIBIT No. 132½, DECEMBER 17, 1912.

In account with Lewisohn Bros., Cr.

SATURDAY, OCT. 5, 1912.

Purchases:		Sales:	
400	69¾	700	66
1,000	70	1,400	70
300	70⅛	700	70¼
1,000	70¼	700	70⅜
500	70⅜	700	70¾
1,000	70½	1,900	71
600	70⅞	1,300	71⅛
600	71	3,800	72
200	71¼	11,200	
200	71⅜		
200	71¾		
6,000			

MONDAY, OCT. 7, 1912.

Purchases:		Sales:	
900	68¾	200	68⅞
600	69	200	69
100	69⅛	100	69⅛
500	69¼	300	69⅜
700	69½	200	69½
400	69¾	500	70¼
1,900	70	100	70⅜
300	70⅛	600	70½
400	70¼	400	70¾
200	70⅜	700	71
700	70½	700	71¼
400	70¾	4,000	
900	70⅞		
900	71		
8,900			

TUESDAY, OCT. 8, 1912.

Purchases:		Sales:	
900	68½	1,400	68¾
400	68⅝	500	68⅞
600	68¾	900	69
400	68⅞	700	69¼
400	69	600	69½
300	69⅛	200	69⅝
400	69¼	1,400	69½
500	69⅜	400	69⅝
1,000	69½	1,000	69¾
900	69⅝	7,100	
700	69¾		
6,500			

WEDNESDAY, OCT. 9, 1912.

Purchases:		Sales:	
200	68¾	100	68⅞
1,100	69	1,300	69
500	69⅛	700	69¼
1,300	69¼	1,700	69½
3,100		3,800	

In account with Lewisohn Bros., Cr.—Continued.

THURSDAY, OCT. 10, 1912.

Purchases:		Sales:	
600	69	1,100	69
500	69⅛	300	69⅛
600	69¼	1,100	69¼
600	69⅜	400	69⅜
1,000	69½	1,600	69½
500	69⅝	800	69⅝
600	69¾	1,100	69¾
300	69⅞	400	69⅞
300	70	700	70
600	70⅛	400	70⅛
500	70¼	900	70¼
1,000	70⅜	500	70⅜
1,300	70½	2,700	70½
1,600	70⅝	1,300	70⅝
1,900	70¾	1,300	70¾
300	70⅞	900	70⅞
800	71	1,600	71
13,000		17,100	

FRIDAY, OCT. 11, 1912.

Purchases:		Sales:	
200	68¼	200	68⅞
200	68⅜	200	69
800	69	100	69⅛
100	69⅛	200	69¼
500	69¼	1,300	69⅜
300	69⅜	1,200	69½
1,300	69½	400	70
200	69¾	100	70⅛
700	70	400	70¼
300	70⅛	1,000	70⅜
500	70¼	700	70½
500	70⅜	5,800	
500	70½		
200	70⅝		
6,300			

MONDAY, OCT. 14, 1912.

Purchases:		Sales:	
400	68	500	68¼
100	68⅛	1,100	68½
500	68¼	100	68⅝
200	68⅜	200	68¾
900	68½	1,900	
100	68⅝		
100	69¼		
2,300			

TUESDAY, OCT. 15, 1912.

Purchases:		Sales:	
100	68½	500	68½
200	68⅝	300	68⅝
700	68¾	1,400	68¾
600	68⅞	500	68⅞
1,000	69	1,700	69
400	69⅛	1,000	69⅛
1,100	69¼	1,600	69¼
300	69⅜	300	69⅜
4,400		7,300	

In account with Lewisohn Bros., Cr.—Continued.

WEDNESDAY, OCT. 16, 1912.

Purchases:		Sales:	
300	69¼	900	69¼
1,000	69½	200	69⅝
1,300	69⅝	2,300	69½
500	69⅞	600	69⅝
1,800	70	1,300	69¾
1,100	70⅛	500	69⅞
1,500	70¼	1,500	70
100	69¾	800	70⅛
900	70⅜	1,500	70¼
1,600	70½	700	70⅜
200	70⅝	2,200	70½
100	69⅞	500	70⅝
10,400		13,000	

THURSDAY, OCT. 17, 1912.

Purchases:		Sales:	
700	70	300	69⅞
200	70⅛	100	70
400	70¼	300	70⅛
500	70⅜	600	70¼
3,000	70½	400	70⅜
1,900	70⅝	3,800	70½
500	70¾	900	70⅝
500	70⅞	1,500	70¾
1,500	71	200	70⅞
400	71⅛	600	70⅞
600	71¼	1,800	71
800	71⅜	1,100	71⅛
11,000		1,300	71¼
		1,300	71⅜
		14,200	

FRIDAY, OCT. 18, 1912.

Purchases:		Sales:	
500	70⅜	700	70⅜
700	70¾	1,800	70⅞
900	70⅞	2,100	71
100	70⅞	1,800	71⅛
2,700	71	1,900	71¼
1,800	71⅛	600	71⅜
1,900	71¼	400	71½
900	71⅜	9,300	
700	71½		
200	71⅝		
10,400			

SATURDAY, OCT. 19, 1912.

Purchases:		Sales:	
200	70⅛	100	70¼
200	70⅛	600	70⅜
600	70⅜	100	70¼
200	70¼	800	71⅛
100	70⅜	1,100	71
800	70½	2,700	
400	70¾		
700	70⅞		
1,400	71		
500	71⅛		
5,100			

In account with Lewisohn Bros., Cr.—Continued.

MONDAY OCT. 21, 1912.

Purchases:		Sales:	
300	68	1,500	69
200	68⅛	100	68⅛
400	68¼	200	68¼
300	68⅜	200	68⅜
100	68½	100	69⅛
200	69	500	70
200	69⅛	200	70⅛
700	69¼	1,200	70¼
200	69⅜	2,600	70⅜
100	69½	300	70½
400	70	700	70⅝
200	70⅛	600	70¾
900	70¼		
1,800	70⅜	8,200	
200	70½		
700	70⅝		
900	70¾		
100	70⅞		
7,900			

TUESDAY, OCT. 22, 1912.

Purchases:		Sales:	
200	68	500	68
300	68⅛	1,000	68⅛
500	68¼	1,000	68¼
900	68⅜	1,300	68⅜
1,300	68½	3,100	68½
2,000	68⅝	2,700	68⅝
1,200	68¾	1,300	68¾
6,400		10,900	

WEDNESDAY, OCT. 23, 1912

Purchases:		Sales:	
200	65¼	100	65⅛
400	65⅜	300	65⅜
500	65½	200	65½
200	65⅝	200	65⅝
800	66	300	66⅛
300	66⅛	900	66¼
900	66¼	800	66
600	66⅜	300	66⅜
1,000	66½	1,000	66½
500	66⅝	400	66⅝
400	66¾	400	67
200	66⅞	500	68¼
300	67	300	68⅜
100	67⅛	200	66⅞
200	67¼	200	68⅝
500	67⅜	700	68⅞
200	67½	100	66⅜
100	67⅝	700	68⅞
200	67⅞	600	69⅛
200	68	1,200	69
300	68¼	9,400	
400	68⅜		
200	68⅝		
500	68¾		
700	68⅞		
600	69		
500	69⅛		
11,000			

In account with Lewisohn Bros., Cr.—Continued.

THURSDAY, OCT. 24, 1912.

Purchases:		Sales:	
500	65	1,200	65⅛
200	65⅛	900	65¼
700	65¼	600	65⅜
100	65⅜	400	66
400	65½	200	66⅛
300	65⅝	600	66¼
1,000	66	100	66⅜
400	66⅛	700	66½
900	66¼	500	66⅝
200	66⅜	700	66¾
500	66½	300	66⅞
300	66⅝	1,200	67
600	66¾	500	67⅛
500	66⅞	7,900	
900	67		
400	67⅛		
7,900			

FRIDAY, OCT. 25, 1912.

Purchases:		Sales:	
200	65	800	65⅛
600	65⅛	700	65⅜
300	65⅜	1,200	65½
1,100	65½	400	65⅝
100	65⅝	1,100	65¾
1,100	65¾	400	65⅞
500	65⅞	600	66
700	66	600	66⅛
500	66¼	5,800	66⅜
100	66⅜		
5,200			

SATURDAY, OCT. 26, 1912.

Purchases:		Sales:	
100	66	500	66⅛
300	66⅛	1,000	66¼
1,100	66¼	300	66⅜
400	66⅜	700	66½
300	66½	2,500	
3,100			

MONDAY, OCT. 28, 1912.

Purchases:		Sales:	
200	66¼	400	66⅜
500	66⅜	1,000	66½
800	66½	500	66⅝
400	66⅝	1,100	66¾
400	66⅞	600	66⅞
400	67	1,100	67
500	67⅛	900	67⅛
200	67⅜	1,000	67¼
700	67¼	400	67⅜
200	67⅝	1,300	67½
4,300		200	67⅝
		1,300	67¾
		9,800	

In account with Lewisohn Bros., Cr.—Continued.

TUESDAY, OCT. 29, 1912.

Purchases:		Sales:	
200	66½	200	66½
100	66⅝	200	66⅝
600	66¼	600	66¾
400	66⅝	500	66⅞
500	66¾	400	67
300	66⅞	200	67⅛
600	67	200	67¼
100	67⅛	2,100	67⅜
300	67¼	200	67½
500	67½	1,900	68
400	67⅝	500	68⅛
900	67¾	200	68¼
200	67⅞		
500	68	7,200	
400	68⅛		
300	68¼		
6,300			

WEDNESDAY, OCT. 30, 1912

Purchases:		Sales:	
900	65	300	65
400	65¼	800	65¼
100	65⅜	200	65⅜
400	65½	400	65½
200	65⅝	200	65⅝
900	65¾	400	65¾
900	65⅞	200	65⅞
700	66	600	66
800	66⅛	200	66⅛
300	66¼	100	66¼
400	66½	200	66½
300	66⅝	400	66⅝
400	66¾	200	66¾
600	67	1,100	67¼
300	67⅛	800	67⅜
500	67¼	1,800	67½
400	67⅜	600	67⅝
200	67½	100	68¼
300	67⅝		
9,000		8,600	

THURSDAY, OCT. 31, 1912.

Purchases:		Sales:	
700	66	400	66
500	66½	900	66½
2,100	66¼	2,300	66¼
300	66⅜	800	66⅜
900	66½	800	66½
4,500		5,200	

EXHIBIT 133, DECEMBER.

[Samuel Untermyer—Personal.]

Summarized statements of certain information derived from reports supplied by a number of representative New York banks and trust companies—members of the New York Clearing House—including particularly practically all the leading "downtown" financial institutions:

(A) Number of out of town banking correspondents; their aggregate capital, surplus, and undivided profits according to the latest information available; their aggregate deposits with their New York correspondents at or about three dates in each year for the years 1908 to 1912, inclusive; and the loans made on their behalf by their New York correspondents on stock exchange, etc., securities at the same dates.

(B) Loans made by the institutions reporting on stock exchange and other kindred securities at the dates noted above, showing:

(*a*) Loans made for their own account.

(*b*) Loans made for account of their "out of town" banking correspondents.

MEMORANDUM.—The figures are partly estimated, and include only those applicable to such institutions as have been asked to report.

STATEMENT A.

1. Number of out-of-town correspondents, 19,015, represented by 30 institutions.

NOTE.—Four institutions not included above report that they have no out-of-town correspondents or that their number is nominal.

2. The aggregate capital surplus and undivided profits of such 'out-of-town' correspondents, $9,293,091,000, applicable to 18,571 correspondents (four institutions representing 444 out-of-town correspondents not reporting in this particular).

3. Deposits of such correspondents with their New York representatives and loans made on stock-exchange collateral on their behalf at or about January 1, July 1, and November 1, years 1908 to 1912, inclusive.

Year.	Number.[1]	Jan. 1.		
		Deposits.	Loans.	Total.
1908	29	$382,569,000	$106,621,000	$489,190,000
1909	30	504,420,000	103,524,000	607,944,000
1910	31	462,002,000	208,260,000	670,262,000
1911	31	519,157,000	143,876,000	663,033,000
1912	32	523,573,000	140,901,000	664,474,000

Year.	Number.[1]	July 1.		
		Deposits.	Loans.	Total.
1908	29	$469,978,000	$89,248,000	$559,226,000
1909	30	567,875,000	121,648,000	689,523,000
1910	31	464,416,000	160,185,000	624,601,000
1911	32	548,612,000	128,804,000	677,416,000
1912	31	550,534,000	141,028,000	691,562,000

Year.	Number.[1]	Nov. 1.		
		Deposits.	Loans.	Total.
1908	30	$500,458,000	$85,011,000	$585,469,000
1909	30	443,145,000	168,557,000	611,702,000
1910	31	455,691,000	125,201,000	580,892,000
1911	32	540,179,000	142,820,000	682,999,000
1912	32	483,373,000	240,480,000	723,853,000

[1] Indicates number of New York institutions reporting loans as of each date. Generally speaking, one or two additional report deposits.

STATEMENT B.

Loans secured by stock exchange collateral and other kindred securities, outstanding on or about January 1, July 1, and November 1 in each of the years 1908 to 1912, inclusive, as reported by sundry New York financial institutions.

Year.	January.			
	Number.[1]	New York banks' own loans.	Correspondents' loans.	Total.
1908	29	$360,537,000	$106,621,000	$467,158,000
1909	30	586,748,000	103,524,000	690,272,000
1910	31	552,400,000	208,280,000	760,680,000
1911	31	512,231,000	143,876,000	656,107,000
1912	32	521,267,000	140,901,000	662,168,000

Year.	July.			
	Number.	New York banks' own loans.	Correspondents' loans.	Total.
1908	29	$552,263,000	$89,248,000	$641,511,000
1909	30	628,584,000	121,648,000	750,232,000
1910	31	513,890,000	160,185,000	674,075,000
1911	32	615,425,000	128,804,000	744,229,000
1912	31	648,801,000	141,028,000	789,829,000

Year.	November.			
	Number.	New York banks' own loans.	Correspondents' loans.	Total.
1908	30	$500,741,000	$85,011,000	$585,752,000
1909	30	530,746,000	168,557,000	699,303,000
1910	31	494,990,000	125,201,000	620,191,000
1911	32	503,118,000	142,820,000	645,938,000
1912	32	526,315,000	240,480,000	766,795,000

[1] Approximate number of New York banks or trust companies reporting loans.

No. 1.—*American Exchange National Bank.*

[Correspondents, 387. Aggregate capital, surplus, and undivided profits, $357,280,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January	$10,432,000	$11,704,000	$10,757,000	$15,019,000	$15,217,000
July	8,820,000	10,643,000	11,049,000	16,532,000	16,842,000
November	8,082,000	7,199,000	12,033,000	16,063,000	12,717,000
Loans for correspondents:					
January	2,390,000	3,758,000	2,063,000	2,198,000	3,640,000
July	1,484,000	658,000	1,773,000	3,090,000	3,655,000
November	1,033,000	1,738,000	1,148,000	4,265,000	9,360,000
Bank's own loans (on stock exchange collateral only):					
January—					
Demand, street	4,287,000	6,282,000	3,376,000	6,837,000	6,239,000
Demand, other	1,831,000	1,297,000	1,520,000	1,576,000	2,267,000
Time, street	Nil.	Nil.	Nil.	Nil.	392,000
Total	6,118,000	7,579,000	4,896,000	8,413,000	8,898,000
July—					
Demand, street	6,315,000	6,418,000	3,350,000	8,329,000	9,111,000
Demand, other	1,072,000	1,063,000	1,621,000	1,785,000	1,724,000
Time, street	Nil.	Nil.	Nil.	5,032,000	2,870,000
Total	7,387,000	7,481,000	4,971,000	15,146,000	13,705,000
November—					
Demand, street	4,478,000	3,196,000	4,463,000	8,252,000	4,984,000
Demand, other	1,250,000	1,390,000	1,822,000	2,069,000	2,182,000
Time, street	Nil.	Nil.	Nil.	515,000	1,592,000
Total	5,728,000	4,586,000	6,285,000	10,836,000	8,758,000

Details of collateral at recent date not reported.

REMARKS:—The demand other loans are stated at 25 per cent of the demand other loans of the company as reported, being an estimate of the proportion of such loans believed to be under security of stock exchange collateral based upon information contained in letter from bank dated Dec. 13, 1912.

No. 2.—*Astor Trust Co.*

[Correspondents, 7.]

Details of collateral reported as of Dec. 5, 1912.

REMARKS.—Never loan money for correspondents. No loan committee.

No. 3.—*Bank of America.*

[Correspondents, 194. Aggregate capital, surplus, and undivided profits, $240,373,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January	$4,810,000	$6,123,000	$4,849,000	$5,734,000	$5,455,000
July	5,280,000	6,869,000	4,854,000	5,770,000	4,487,000
November	6,271,000	5,796,000	5,810,000	5,462,000	4,187,000
Loans for correspondents:					
January	Nil.	Nil.	460,000	Nil.	Nil.
July	Nil.	Nil.	Nil.	550,000	Nil.
November	Nil.	Nil.	Nil.	Nil.	430,000
Bank's own loans (on stock exchange collateral only):					
January—					
Demand, street	3,924,000	5,821,000	5,496,000	5,471,000	7,275,000
Demand, other	2,738,000	2,079,000	1,895,000	1,796,000	1,617,000
Time, street, Time, other	991,000	756,000	313,000	329,000	207,000
Total	7,653,000	8,656,000	7,704,000	7,596,000	9,099,000
July—					
Demand, street	8,809,000	10,621,000	6,799,000	9,339,000	8,241,000
Demand, other	2,190,000	1,825,000	2,037,000	1,639,000	1,580,000
Time, street, Time, other	922,000	478,000	443,000	277,000	323,000
Total	11,921,000	12,924,000	9,279,000	11,255,000	10,144,000
November—					
Demand, street	7,839,000	6,583,000	5,312,000	7,410,000	5,319,000
Demand, other	2,056,000	1,677,000	1,823,000	2,262,000	1,854,000
Time, street, Time, other	731,000	467,000	293,000	205,000	134,000
Total	10,626,000	8,727,000	7,428,000	9,877,000	7,307,000

Details of collateral reported as of Dec. 11, 1912.

REMARKS.—Company's time loans on stock exchange collateral are estimated on the basis of nine-tenths of the reported time loans, being the approximate ratio of stock exchange collateral reported as of Dec. 11, 1912.

No. 4.—*Bank of Manhattan Co.*

[Correspondents, 84. Aggregate capital, surplus, and undivided profits, $199,980,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January	$3,128,000	$4,817,000	$4,815,000	$5,137,000	$5,735,000
July	4,574,000	7,324,000	3,451,000	6,183,000	5,612,000
November	4,154,000	5,280,000	4,299,000	5,724,000	5,158,000
Loans for correspondents:					
January	670,000	470,000	3,584,000	1,860,000	2,100,000
July	410,000	203,000	3,710,000	2,350,000	4,070,000
November	320,000	3,524,000	2,560,000	700,000	4,720,000
Bank's own loans (on stock exchange, collateral only):					
January—					
Demand, street	6,658,000	9,261,000	5,943,000	6,779,000	8,404,000
Demand, other	2,220,000	3,087,000	1,980,000	2,260,000	2,802,000
Time, street	1,127,000	2,758,000	2,398,000	1,460,000	1,501,000
Time, other	483,000	1,182,000	1,028,000	626,000	643,000
Total	10,488,000	16,288,000	11,349,000	11,125,000	13,350,000
July—					
Demand, street	6,075,000	11,449,000	5,196,000	11,560,000	15,444,000
Demand, other	2,026,000	3,817,000	1,731,000	3,854,000	2,482,000
Time, street	2,202,000	2,259,000	1,948,000	1,455,000	1,562,000
Time, other	943,000	968,000	834,000	623,000	669,000
Total	11,246,000	18,493,000	9,709,000	17,492,000	20,157,000
November—					
Demand, street	6,000,000	7,846,000	7,249,000	8,104,000	7,002,000
Demand, other	2,001,000	2,615,000	2,417,000	2,702,000	2,197,000
Time, street	2,499,000	2,105,000	1,168,000	1,325,000	1,168,000
Time, other	1,071,000	902,000	500,000	567,000	486,000
Total	11,571,000	13,468,000	11,334,000	12,698,000	10,853,000

Details of collateral reported as of Dec. 12, 1912.

REMARKS.—Loans for correspondents are specifically stated to be to stock exchange house and none other.

No. 5.—*Bank of New York.*

[Correspondents, 141. Aggregate capital, surplus, and undivided profits, $307,212,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January	$8,320,000	$10,826,000	$8,205,000	$10,172,000	$9,469,000
July	11,147,000	10,516,000	8,938,000	10,719,000	9,980,000
November	11,785,000	9,106,000	10,481,000	9,749,000	8,774,000
Loans for correspondents:					
January	910,000	3,620,000	2,000,000	3,200,000	1,600,000
July	990,000	1,125,000	1,700,000	1,500,000	2,050,000
November	1,120,000	1,610,000	1,600,000	950,000	3,150,000
Bank's own loans (on stock exchange, collateral only):					
January—					
Demand, street	8,230,000	4,004,000	4,143,000	5,277,000	4,154,000
Demand, other					
Time, street	3,050,000	5,596,000	5,778,000	4,353,000	3,798,000
Time, other					
Total	11,280,000	10,200,000	9,921,000	9,630,000	7,952,000
July—					
Demand, street	6,297,000	4,097,000	4,146,000	4,641,000	5,074,000
Demand, other					
Time, street	6,162,000	5,367,000	5,007,000	4,954,000	3,754,000
Time, other					
Total	12,459,000	9,464,000	9,153,000	9,595,000	8,828,000
November—					
Demand, street	7,775,000	3,726,000	4,543,000	3,513,000	5,795,000
Demand, other					
Time, street	4,637,000	5,403,000	5,533,000	4,138,000	2,310,000
Time, other					
Total	12,412,000	9,129,000	10,076,000	7,651,000	8,105,000

Details of collateral reported as of Dec. 12, 1912.

No. 6.—*Bankers Trust Co.*

[Correspondents, 237. Aggregate capital, surplus, and undivided profits not given.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January	$5,277,000	$10,454,000	$7,895,000	$10,062,000	$26,757,000
July	8,649,000	9,864,000	9,496,000	19,951,000	32,928,000
November as of December	11,063,000	6,686,000	11,012,000	29,385,000	22,861,000
Loans for correspondents:					
January	4,428,000	8,741,000	15,164,000	6,026,000	11,467,000
July	4,946,000	8,846,000	8,677,000	3,274,000	16,498,000
November as of December	4,309,000	10,502,000	4,552,000	8,472,000	31,232,000
Bank's own loans (on stock exchange collateral only):					
January—					
Demand, street	7,032,000	8,766,000	10,184,000	10,178,000	20,444,000
Demand, other					
Time, street	5,520,000	14,792,000	19,825,000	17,759,000	33,189,000
Time, other					
Total	12,552,000	23,558,000	30,009,000	27,937,000	53,633,000
July—					
Demand, street	6,494,000	11,000,000	11,764,000	26,176,000	43,221,000
Demand, other					
Time, street	9,474,000	13,277,000	25,799,000	19,509,000	42,294,000
Time, other					
Total	15,968,000	24,277,000	37,563,000	45,865,000	85,515,000
November—					
Demand, street	7,551,000	10,350,000	15,908,000	20,659,000	19,828,000
Demand, other					
Time, street	11,829,000	20,254,000	18,130,000	34,309,000	46,133,000
Time, other					
Total	19,380,000	30,604,000	34,038,000	54,968,000	65,961,000

Details of collateral reported as of Dec. 6, 1912.

No. 7.—*Brooklyn Trust Co.*

[Correspondents, nominal. Aggregate capital, surplus, and undivided profits, nominal.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January, July, November	Nil.	Nil.	Nil.	Nil.	Nil.
Loans for correspondents:					
January, July, November	Nil.	Nil.	Nil.	Nil.	Nil.
Bank's own loans (on stock exchange collateral only):					
January—					
Demand, street	.....	$3,086,000	$3,558,000	$3,220,000	$2,494,000
Demand, other					
Time, street	.....	4,650,000	4,712,000	5,797,000	4,095,000
Time, other					
Total	(1)	7,736,000	8,270,000	9,017,000	6,589,000
July—					
Demand, street	$2,796,000	2,255,000	2,440,000	1,365,000	4,174,000
Demand, other					
Time, street	4,547,000	6,279,000	5,771,000	4,865,000	4,109,000
Time, other					
Total	7,343,000	8,534,000	8,211,000	6,230,000	8,283,000
November—					
Demand, street	3,225,000	1,973,000	3,354,000	1,734,000	1,868,000
Demand, other					
Time, street	4,843,000	5,724,000	5,997,000	5,186,000	5,260,000
Time, other					
Total	8,068,000	7,697,000	9,351,000	6,920,000	7,128,000

[1] Not reported.

Details of collateral reported as of Dec. 11, 1912.

REMARKS.—Bank has no loan committee.

No. 8.—*Chase National Bank.*

[Correspondents, 3,103. Aggregate surplus, capital, and undivided profits, $985,294,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January as of April	$59,258,000	$73,083,000	$71,962,000	$76,500,000	[1] $72,911,000
July as of June	63,840,000	72,810,000	68,867,000	77,154,000	82,340,000
November	72,491,000	64,481,000	64,576,000	81,386,000	70,007,000
Loans for correspondents:					
January as of April	20,020,000	29,244,000	49,387,000	40,362,000	29,430,000
July as of June	23,251,000	34,558,000	54,852,000	33,392,000	36,377,000
November	23,375,000	44,003,000	35,345,000	30,491,000	57,990,000
Bank's own loans (on stock exchange collateral only):					
January—					
Demand, street	17,641,000	13,476,000	18,135,000	19,700,000	21,819,000
Demand, other					
Time, street	8,337,000	14,508,000	12,046,000	8,084,000	7,762,000
Time, other					
Total	25,978,000	27,984,000	30,181,000	27,784,000	29,581,000
July—					
Demand, street	14,497,000	18,516,000	17,713,000	22,379,000	19,829,000
Demand, other					
Time, street	14,835,000	14,096,000	7,088,000	12,650,000	19,875,000
Time, other					
Total	29,332,000	32,612,000	24,801,000	35,029,000	39,704,000
November—					
Demand, street	13,683,000	14,941,000	18,870,0000	19,310,000	21,581,000
Demand, other					
Time, street	16,954,000	14,852,000	5,735,000	11,471,000	13,334,000
Time, other					
Total	30,637,000	29,793,000	24,605,000	30,781,000	34,915,000

[1] January.

Details of collateral reported as of Dec. 9, 1912.

REMARKS.—Bank has no loan committee.

The bank reports totals of demand and time loans, stating that 60 to 75 per cent are secured on stock-exchange securities. The figures in this schedule, therefore, both for bank's own loans and for loans for correspondents, represent 70 per cent approximately of the figures in the bank's schedules.

No. 9.—*Chemical National Bank.*

[Correspondents, 352. Aggregate capital, surplus, and undivided profits, $325,557,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January as of April	$6,682,000	$6,355,000	$7,164,000	$6,158,000	[1] $5,605,000
July as of June	6,843,000	7,182,000	7,238,000	6,958,000	6,291,000
November	6,829,000	6,692,000	7,307,000	5,613,000	5,488,000
Loans for correspondents:					
January	6,964,000	7,011,000	4,135,000	3,203,000	8,245,000
July	7,706,000	2,050,000	2,905,000	8,775,000	5,695,000
November	6,411,000	2,880,000	2,220,000	10,925,000	8,460,000
Bank's own loans (on stock exchange, collateral only):					
January—					
Demand, street	3,717,000	10,781,000	8,130,000	9,774,000	4,331,000
Demand, other					
Time, street					
Time, other					
July—					
Demand, street	10,892,000	10,568,000	8,239,000	9,185,000	5,558,000
Demand, other					
Time, street					
Time, other					
November—					
Demand, street	6,393,000	6,305,000	7,092,000	4,766,000	3,471,000
Demand, other					
Time, street					
Time, other					

[1] January.

Details of collateral reported as of Dec. 9, 1912.

REMARKS.—No division of loans between time and demand reported.

No. 10.—*Columbia Knickerbocker Trust Co.*

[Correspondents, 78. Aggregate capital, surplus, and undivided profits, $90,924,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January	[1] $523,000	[1] $3,702,000	[1] $2,820,000	[1] $3,874,000	[1] $3,853,000
July	[2] 1,217,000	[2] 3,567,000	[2] 2,623,000	[2] 4,610,000	[2] 3,749,000
November	1,925,000	2,566,000	2,863,000	3,556,000	2,343,000
Loans for correspondents:					
January					
July	(3)	(3)	(3)	(3)	(3)
November					
Bank's own loans (on stock exchange collateral only):					
January—					
Demand, street	2,091,000	300,000	3,944,000	1,101,000	1,085,000
Time, street	4,549,000	550,000	1,825,000	120,000	470,000
Total	6,640,000	850,000	5,769,000	1,221,000	1,555,000
July—					
Demand, street	725,000	1,400,000	2,160,000	1,775,000	2,392,000
Time, street	725,000	400,000	163,000	450,000	496,000
Total	1,450,000	1,800,000	2,323,000	2,225,000	2,888,000
November—					
Demand, street	460,000	5,050,000	1,820,000	1,170,000	5,836,000
Time, street	675,000	1,800,000	120,000	120,000	996,000
Total	1,135,000	6,850,000	1,940,000	1,290,000	6,832,000

[1] April.
[2] June.
[3] Bank unable to give information further than the statement that loans for correspondents were not of any great amount at any time in either company, and that at times there were no loans for correspondents on the books.

Details of collateral not reported.

No. 11.—*Corn Exchange Bank.*

[Correspondents, 96. Aggregate capital, surplus, and undivided profits, $252,260,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January	$1,507,000	$2,997,000	$2,553,000	$2,113,000	$2,252,000
July as of June	2,692,000	2,531,000	2,989,000	4,107,000	2,792,000
November	3,467,000	3,165,000	2,934,000	3,174,000	3,044,000
Loans for correspondents:					
January	70,000	400,000	180,000	30,000	20,000
July	25,000	Nil.	675,000	205,000	210,000
November	Nil.	105,000	115,000	35,000	620,000
Bank's own loans (on stock exchange collateral only):					
January—					
Demand, street					
Demand, other	18,417,000	24,217,000	21,691,000	17,091,000	19,363,000
Time, street					
Time, other					
July—					
Demand, street					
Demand, other	25,541,000	24,444,000	21,314,000	23,142,000	22,657,000
Time, street					
Time, other					
November—					
Demand, street					
Demand, other	22,933,000	19,655,000	18,228,000	20,857,000	20,631,000
Time, street					
Time, other					

Details of collateral reported to be in Mr. Frew's hand in attendance on the committee.
REMARKS.—No details of time and demand reported, only totals.

No. 12.—*Fifth Avenue Bank.*

[Correspondents, 3. Aggregate capital, surplus, and undivided profits, $452,000,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January as of April	$8,000	$17,000	$19,000	$7,000	$11,000
July as of June	9,000	8,000	9,000	15,000	5,000
November	29,000	9,000	9,000	6,000	5,000
Loans for correspondents:					
January, July, November	Nil.	Nil.	Nil.	Nil.	Nil.
Bank's own loans (on stock exchange collateral only):					
January—					
Demand, street, Demand, other	1,687,000	3,139,000	3,421,000	3,408,000	3,265,000
Time, street, Time, other	234,000	3,363,000	2,481,000	582,000	1,521,000
Total	1,921,000	6,502,000	5,902,000	3,990,000	4,786,000
July—					
Demand, street, Demand, other	1,885,000	3,275,000	3,438,000	3,227,000	3,042,000
Time, street, Time, other	1,657,000	2,742,000	1,037,000	1,754,000	2,177,000
Total	3,542,000	6,017,000	4,475,000	4,981,000	5,219,000
November—					
Demand, street, Demand, other	1,905,000	3,885,000	3,208,000	3,907,000	3,310,000
Time, street, Time, other	2,955,000	2,369,000	887,000	1,452,000	2,450,000
Total	4,860,000	6,254,000	4,095,000	5,359,000	5,760,000

Details of collateral reported as of Dec. 12, 1912.

REMARKS.—Bank has no loan committee.

No. 13.—*Fifth National Bank.*

[Correspondents, none. Aggregate capital and undivided profits, nil.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January, July, November	Nil.	Nil	Nil.	Nil.	Nil.
Loans for correspondents:					
January, July, November	Nil.	Nil.	Nil.	Nil.	Nil.
Bank's own loans (on stock exchange collateral only):					
January—					
Demand, street, Demand, other	$81,000	$80,000	$77,000	$69,000	$75,000
Time, street, Time, other	[1] 25,000	[1] 25,000	[1] 25,000	[1] 25,000	[1] 25,000
Total	106,000	105,000	102,000	94,000	100,000
July—					
Demand, street, Demand, other	69,000	84,000	117,000	74,000	63,000
Time, street, Time, other	[1] 25,000	[1] 25,000	[1] 25,000	[1] 25,000	[1] 25,000
Total	94,000	109,000	142,000	99,000	88,000
November—					
Demand, street, Demand, other	69,000	118,000	64,000	77,000	75,000
Time, street, Time, other	[1] 25,000	[1] 25,000	[1] 25,000	[1] 25,000	[1] 25,000
Total	94,000	143,000	89,000	102,000	100,000

[1] Estimated.

Details of collateral reported as of Dec. 10, 1912.

No. 14.—*First National Bank.*

[Correspondents, 579. Aggregate cap tal, surplus, and undivided profits, $59,769,000.]

	1908	1909	1910	1911	1912
Deposit by correspondents:					
January as of April	$38,489,000	$45,893,000	$40,662,000	$47,640,000	[1] $44,911,000
July as of June	41,780,000	48,796,000	37,366,000	44,918,000	[2] 42,000,000
November	48,907,000	40,367,000	40,426,000	43,314,000	[3] 40,127,000
Loans for correspondents:					
January	43,789,000	27,701,000	63,733,000	36,928,000	45,141,000
July	33,641,000	39,633,000	32,065,000	45,350,000	39,017,000
November	33,570,000	43,103,000	36,094,000	51,338,000	43,454,000
Bank's own loans (on stock exchange collateral only):					
January—					
Demand, street	42,677,000	56,900,000	38,033,000	40,917,000	45,826,000
Demand, other					
Time, street					
Time, other					
July—					
Demand, street	40,115,000	47,533,000	38,800,000	58,403,000	54,806,000
Demand, other					
Time, street					
Time, other					
November—					
Demand, street	46,788,000	38,883,000	43,239,000	39,223,000	[2] 42,275,000
Demand, other					
Time, street					
Time, other					

[1] January.
[2] The correspondents' deposits were omitted to be reported for July, 1912. The figure entered above is a figure estimated on the amounts stated at other periods.
[3] December.

Details of collateral reported as of Dec. 6, 1912, in general classification only.
REMARKS.—This bank has no loan committee.

No. 15.—*Fourth National Bank.*

[Correspondents, 104. Aggregate capital, surplus, and undivided profits not given.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January	$12,076,000	$16,945,000	$13,721,000	$15,216,000	$15,457,000
July	14,728,000	15,616,000	12,072,000	15,645,000	16,321,000
November	17,312,000	14,779,000	14,278,000	14,175,000	14,871,000
Loans for correspondents:					
January	2,200,000	1,616,000	1,419,000	412,000	1,320,000
July	635,000	3,572,000	1,552,000	1,250,000	1,025,000
November	116,000	2,419,000	222,000	350,000	1,455,000
Bank's own loans (on stock exchange collateral only):					
January—					
Street	2,107,000	6,750,000	484,000	4,511,000	6,217,000
Other	1,586,000	1,399,000	1,390,000	1,690,000	1,230,000
Total	3,693,000	8,149,000	1,874,000	6,201,000	7,447,000
July—					
Street	5,879,000	3,600,000	2,660,000	12,113,000	1,533,000
Other	1,452,000	942,000	865,000	650,000	1,843,000
Total	7,331,000	4,542,000	3,525,000	12,763,000	3,376,000
November—					
Street	7,143,000	896,000	1,770,000	3,581,000	3,226,000
Other	1,755,000	1,000,000	455,000	1,050,000	894,000
Total	8,898,000	1,896,000	2,225,000	4,631,000	4,120,000

Details of collateral reported as of Dec. 12, 1912.

No. 16.—*Garfield National Bank.*

This is a small commercial bank. An officer of the bank reported to Mr. Alvin Untermyer verbally that, being such, their figures could not bear any important weight in the statistics now being compiled. Mr. Alvin Untermyer indicated he would report this to counsel, who would probably advise this regarding any figures applicable to this bank.

Details of collateral reported as of a date in December, 1912.

No. 17.—*Guaranty Trust Co.*

[Correspondents, 182. Aggregate capital, surplus, and undivided profits, $282,909,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January	(1)	(1)	(1)	[2] 8,460,000	[3] 7,768,000
July	(1)	(1)	(1)	[4] 10,774,000	[4] 10,426,000
November	(1)	(1)	(1)	9,136,000	[5] 9,674,000
Loans for correspondents:					
January	(1)	(1)	(1)	(1)	2,184,000
July	(1)	(1)	(1)	216,000	665,000
November	(1)	(1)	(1)	117,000	13,077,000
Bank's own loans (on stock exchange, collateral only):					
January—					
Demand, street				10,153,000	17,150,000
Demand, other					
Time, street				(1)	(1)
Time, other					
Total	(1)	(1)	(1)	10,153,000	17,150,000
July—					
Demand, street				28,881,000	23,116,000
Demand, other					
Time, street				(1)	12,236,000
Time, other					
Total	(1)	(1)	(1)	[5] 28,881,000	35,352,000
November—					
Demand, street				12,804,000	15,882,000
Demand, other					
Time, street				(1)	14,310,000
Time, other					
Total	(1)	(1)	(1)	12,804,000	30,192,000

[1] Unknown. [2] April. [3] January. [4] June. [5] November.

Details of collateral reported as of Dec. 6, 1912.

REMARKS.—See correspondence from bank dated Dec. 13, 1912, which explains it is impossible without tremendously long investigation to state the figures which they quote "Unknown." The total loans, time and demand, are given but they are not shown in this schedule as they obviously include large amounts under collateral other than stock exchange collateral. The street loans for 1911 and 1912 are shown, however, separately, and these are scheduled above, although it must not be overlooked that these on the other hand do not cover all stock exchange loans. Standard Trust Co. statistics prior to the merger are shown under the number of that bank.

No. 18.—*Hanover National Bank.*

[Correspondents, 4,074. Aggregate capital, surplus, and undivided profits, $808, 148,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January	$35,042,000	$44,464,000	$42,979,000	$45,502,000	$44,769,000
July	41,040,000	44,498,000	40,226,000	44,861,000	47,902,000
November	47,241,000	45,593,000	44,293,000	44,256,000	47,145,000
Loans for correspondents:					
January	(1)	(1)	4,235,000	5,259,000	[2] 2,064,000
July	(1)	(1)	3,120,000	[3] 3,819,000	[3] 3,325,000
November	(1)	3,351,000	3,124,000	[4] 3,019,000	[5] 5,414,000
Bank's own loans (on stock exchange, collateral only):					
January—					
Demand, street	4,850,000	7,100,000	6,700,000	13,500,000	6,900,000
Demand, other	2,000,000	900,000	750,000	1,000,000	900,000
Time, street	250,000	125,000	575,000	1,480,000	625,000
Time, other	500,000	500,000	500,000	500,000	500,000
Total	7,600,000	8,625,000	8,525,000	16,480,000	8,925,000
July—					
Demand, street	10,000,000	13,500,000	2,500,000	15,900,000	15,000,000
Demand, other	1,000,000	1,100,000	1,000,000	1,000,000	1,000,000
Time, street	750,000	500,000	550,000	605,000	1,197,000
Time, other	500,000	500,000	500,000	500,000	500,000
Total	12,250,000	15,600,000	4,550,000	18,005,000	17,697,000
November—					
Demand, street	9,300,000	7,200,000	7,700,000	9,500,000	9,216,000
Demand, other	1,000,000	800,000	900,000	850,000	886,000
Time, street	275,000	675,000	880,000	655,000	487,000
Time, other	500,000	500,000	500,000	500,000	456,000
Total	11,045,000	9,175,000	9,980,000	11,505,000	11,045,000

[1] Unknown. [2] February. [3] June. [4] December. [5] November.

Details of collateral reported as of Dec. 12, 1912.

REMARKS.—The division of street demand and street time loans, together with other demand and other time loans, is estimated.

No. 19.—*Importers & Traders National Bank.*

[Correspondents, 537. Aggregate capital, surplus, and undivided profits, $356,210,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January	$11,415,000	$13,824,000	$12,213,000	$12,452,000	$12,193,000
July	12,938,000	13,907,000	12,001,000	12,786,000	12,853,000
November	13,491,000	12,111,000	11,957,000	12,774,000	11,741,000
Loans for correspondents:					
January	125,000	25,000	655,000	325,000	100,000
July	25,000	Nil.	85,000	Nil.	50,000
November	25,000	350,000	175,000	50,000	295,000
Bank's own loans (on stock exchange collateral only):					
January—					
Demand, street	3,616,000	5,480,000	4,320,000	5,382,000	4,935,000
Demand, other					
Time, street	681,000	853,000	616,000	202,000	Nil.
Time, other					
Total	4,297,000	6,333,000	4,936,000	5,584,000	4,935,000
July—					
Demand, street	6,871,000	5,520,000	4,860,000	5,735,000	4,635,000
Demand, other					
Time, street	560,000	1,329,000	240,000	Nil.	Nil.
Time, other					
Total	7,431,000	6,849,000	5,100,000	5,735,000	4,635,000
November—					
Demand, street	8,128,000	4,020,000	3,055,000	4,100,000	1,505,000
Demand, other					
Time, street	305,000	1,329,000	306,000	Nil.	450,000
Time, other					
Total	8,433,000	5,349,000	3,361,000	4,100,000	1,955,000

Details of collateral reported as of Dec. 5, 1912.

REMARKS.—This bank has no loan committee.

No. 20.—*Lawyers Title Insurance & Trust Co.*

[Correspondents, none. Aggregate capital, surplus, and undivided profits, none.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January, July, November	Nil.	Nil.	Nil.	Nil.	Nil.
Loans for correspondents:					
January, July, November	Nil.	Nil.	Nil.	Nil.	Nil.
Bank's own loans (on stock exchange collateral only):					
January—					
Demand, street	$150,000	$3,000,000	$2,000,000	$1,250,000	$1,700,000
Demand, other	150,000	300,000	250,000	150,000	150,000
Time, street	200,000	850,000	600,000	50,000	150,000
Time, other	350,000	100,000	450,000	450,000	550,000
Total	850,000	4,250,000	3,300,000	1,900,000	2,550,000
July—					
Demand, street	500,000	3,100,000	1,525,000	1,825,000	1,325,000
Demand, other	150,000	250,000	150,000	100,000	125,000
Time, street	400,000	1,450,000	100,000	50,000	Nil.
Time, other	200,000	350,000	700,000	650,000	450,000
Total	1,250,000	5,150,000	2,475,000	2,625,000	1,900,000
November—					
Demand, street	550,000	2,800,000	1,650,000	825,000	1,825,000
Demand, other	300,000	250,000	200,000	150,000	175,000
Time, street	500,000	600,000	Nil.	150,000	Nil.
Time, other	200,000	400,000	600,000	550,000	235,000
Total	1,550,000	4,050,000	2,450,000	1,675,000	2,235,000

Details of collateral reported as of Dec. 6, 1912.

No. 21.—*Liberty National Bank.*

[Correspondents, 312. Aggregate capital, surplus, and undivided profits, $258,906,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January	$4,140,000	$6,311,000	$5,719,000	$6,157,000	$6,116,000
July	4,904,000	7,263,000	6,077,000	6,592,000	6,838,000
November	5,962,000	5,933,000	5,899,000	6,442,000	7,414,000
Loans for correspondents:					
January	909,000	358,000	880,000	1,300,000	475,000
July	247,000	150,000	740,000	740,000	580,000
November	133,000	535,000	600,000	125,000	1,810,000
Bank's own loans (on stock exchange collateral only):					
January—					
Demand, street, Demand, other	605,000	1,879,000	1,205,000	2,805,000	2,840,000
Time, street, Time, other	1,261,000	1,763,000	1,034,000	1,261,000	1,059,000
Total	1,866,000	3,660,000	2,239,000	4,066,000	3,899,000
July—					
Demand, street, Demand, other	1,642,000	2,880,000	5,065,000	2,505,000	3,757,000
Time, street, Time, other	1,591,000	1,030,000	1,349,000	859,000	1,754,000
Total	3,233,000	3,910,000	6,414,000	3,364,000	5,511,000
November—					
Demand, street, Demand, other	3,037,000	825,000	1,925,000	4,270,000	7,590,000
Time, street, Time, other	1,860,000	989,000	1,208,000	1,008,000	3,953,000
Total	4,897,000	1,814,000	3,133,000	5,278,000	11,543,000

Details of collateral reported as of Dec. 6, 1912.
REMARKS.—Bank has no loan committee.

No. 22.—*Lincoln National Bank.*

[Correspondents, 58. Aggregate capital, surplus, and undivided profits, $112,884,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January as of April	$1,338,000	$1,126,000	$1,245,000	$1,563,000	$1,674,000
July as of June	1,398,000	1,381,000	1,295,000	1,508,000	1,596,000
November	1,161,000	1,087,000	1,221,000	1,294,000	1,240,000
Loans for correspondents:					
January, July, November	Nil.	Nil.	Nil.	Nil.	Nil.
Bank's own loans (on stoch exchange collateral only):					
January—					
Demand, street	1,500,000	5,130,000	2,500,000	4,950,000	3,515,000
Demand, other	3,891,000	1,873,000	1,808,000	2,195,000	2,226,000
Time, street	200,000	450,000	925,000	25,000	400,000
Time, other	1,186,000	2,535,000	2,724,000	2,461,000	2,000,000
Total	6,777,000	9,988,000	7,957,000	9,631,000	8,141,000
July—					
Demand, street	3,000,000	4,845,000	1,790,000	3,350,000	3,300,000
Demand, other	2,526,000	1,525,000	1,990,000	1,984,000	2,635,000
Time, street	400,000	250,000	925,000	Nil.	Nil.
Time, other	1,263,000	2,960,000	2,002,000	1,617,000	1,969,000
Total	7,189,000	9,580,000	6,707,000	6,951,000	7,904,000
November—					
Demand, street	3,975,000	2,900,000	2,710,000	2,875,000	3,355,000
Demand, other	2,097,000	1,780,000	2,097,000	2,146,000	3,122,000
Time, street	1,137,000	1,635,000	200,000	Nil.	200,000
Time, other	2,330,000	2,893,000	2,408,000	1,748,000	2,087,000
Total	9,539,000	8,608,000	7,415,000	6,769,000	8,760,000

Details of collateral reported as of Nov. 1, 1912.
REMARKS.—Number of correspondents verbally reported to be 58.

No. 23.—*Lincoln Trust Co.*

[Correspondents, 96. Aggregate capital, surplus, and undivided profits, not given.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January as of April	$130,000	$358,000	$323,000	$317,000	$347,000
July as of June	273,000	385,000	333,000	323,000	380,000
November	269,000	325,000	263,000	323,000	338,000
Loans for correspondents:					
January, July, November	Nil.	Nil.	Nil.	Nil.	Nil.
Bank's own loans (on stock exchange collateral only):					
January—					
Demand, street	307,000	1,300,000	1,400,000	1,700,000	1,250,000
Demand, other	552,000	317,000	618,000	552,000	732,000
Time, street, Time, other	1,984,000	1,189,000	2,489,000	2,457,000	2,618,000
Total	2,843,000	2,806,000	4,507,000	4,709,000	4,600,000
July—					
Demand, street	200,000	930,000	1,050,000	600,000	1,450,000
Demand, other	273,000	475,000	623,000	626,000	979,000
Time, street, Time, other	769,000	1,887,000	3,010,000	2,917,000	3,359,000
Total	1,242,000	3,292,000	4,683,000	4,143,000	5,788,000
November—					
Demand, street	100,000	1,300,000	1,000,000	600,000	950,000
Demand, other	341,000	546,000	497,000	728,000	725,000
Time, street, Time, other	1,354,000	1,545,000	2,678,000	2,222,000	3,479,000
Total	1,795,000	3,391,000	4,175,000	3,550,000	5,154,000

Details of collateral not reported at recent date.
Remarks.—Bank has no loan committee.

No. 24.—*Mercantile National Bank.*

No report. See bank's letter (Dec. 6, 1912). Cash in liquidation.

No. 25.—*Merchants' Exchange National Bank.*

[Correspondents, 105. Aggregate capital, surplus, and undivided profits, $144,015,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January as of April	$1,921,000	$2,265,000	$1,995,000	$2,211,000	$2,035,000
July as of June	1,856,000	2,458,000	2,165,000	2,223,000	1,861,000
November	2,350,000	2,240,000	2,435,000	2,003,000	1,814,000
Loans for correspondents:					
January, July, November	Nil.	Nil.	Nil.	Nil.	Nil.
Bank's own loans (on stock exchange collateral only):					
January—Demand, street; Demand, other; Time, street; Time, other	595,000	818,000	702,000	1,163,000	919,000
July—Demand, street; Demand, other; Time, street; Time, other	1,743,000	1,076,000	1,142,000	1,263,000	1,453,000
November—Demand, street; Demand, other; Time, street; Time, other	1,260,000	650,000	1,465,000	515,000	747,000

Details of collateral reported as of Dec. 6, 1912.

No. 26.—*Merchants' National Bank.*

No return received.

No. 27.—*Mechanics & Metals National Bank.*

[Correspondents, 1,010. Aggregate capital, surplus, and undivided profits, $525,333,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January			[1] $19,246,000	$13,503,000	$16,412,000
July			14,827,000	18,682,000	22,211,000
November			14,274,000	16,596,000	17,910,000
Loans for correspondents:					
January as of April			2,880,000	325,000	330,000
July			1,645,000	310,000	1,130,000
November			1,375,000	1,890,000	4,220,000
Bank's own loans (on stock exchanges collateral only):					
January—Demand, street			[1] 8,557,000	[2] 6,109,000	7,400,000
Demand, other			9,197,000	6,567,000	7,953,000
Time, street			[1] 918,000	1,070,000	668,000
Time, other			[1] 3,010,000	3,547,000	2,228,000
Total			21,682,000	17,293,000	18,249,000
July—Demand, street			7,249,000	8,887,000	8,406,000
Demand, other			7,791,000	9,552,000	7,901,000
Time, street			881,000	892,000	578,000
Time, other			2,869,000	2,972,000	1,926,000
Total			18,790,000	22,303,000	18,811,000
November—Demand, street			6,071,000	6,040,000	5,286,000
Demand, other			6,504,000	6,492,000	5,649,000
Time, street			707,000	716,000	592,000
Time, other			2,357,000	2,388,000	1,975,000
Total			15,639,000	15,536,000	13,502,000

[1] February. [2] January.

Details of collateral reported as of Dec. 6, 1912 (correspondents' only).

No. 28.—*Metropolitan Bank.*

[Correspondents, 127. Aggregate capital, surplus, and undivided profits, $241,750,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January	$1,894,000	$1,891,000	$1,647,000	$1,536,000	$1,335,000
July	2,134,000	2,404,000	1,471,000	1,732,000	1,550,000
November	1,778,000	1,501,000	1,445,000	1,563,000	[1] 977,000
Loans for correspondents:					
January	Nil.	Nil.	50,000	Nil.	Nil.
July	Nil.	Nil.	100,000	Nil.	Nil.
November	Nil.	Nil.	Nil.	Nil.	Nil.
Bank's own loans (on stock exchanges collateral only):					
January—					
Demand, street	Nil.	1,200,000	500,000	1,100,000	1,450,000
Demand, other	Nil.	Nil.	Nil.	Nil.	Nil.
Time, street	Nil.	Nil.	Nil.	Nil.	1,009,000
Time, other	Nil.	Nil.	Nil.	Nil.	Nil.
Total	Nil.	1,200,000	500,000	1,100,000	2,459,000
July—					
Demand street	2,530,000	690,000	Nil.	Nil.	Nil.
Time, street	Nil.	Nil.	Nil.	Nil.	1,025,000
November—					
Demand, street	100,000	Nil.	600,000	Nil.	[1] 2,977,000
Time, street	Nil.	Nil.	Nil.	Nil.	507,000

[1] December.

Details of collateral at recent date reported as of January, July, and November, 1912.

No. 29.—*Metropolitan Trust Co.*

[Correspondents, 5. Aggregate capital, surplus, and undivided profits, $34,335,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January	Nil.	$71,000	$208,000	$265,000	$295,000
July	$118,000	715,000	262,000	323,000	307,000
November	52,000	380,000	240,000	311,000	250,000
Loans for correspondents:					
January, July, November	Nil.	Nil.	Nil.	Nil.	Nil.
Bank's own loans (on stock exchange collateral only):					
January—					
Demand, street, Demand, other	4,344,000	4,272,000	10,603,000	5,059,000	4,317,000
Time, street, Time, other	12,222,000	14,415,000	15,045,000	16,049,000	12,328,000
Total	16,566,000	18,687,000	25,648,000	21,108.000	16,645,000
July—					
Demand, street, Demand, other	5,621,000	3,260,000	8,755,000	4,672,000	7,452,000
Time, street, Time, other	14,083,000	12,781,000	14,925,000	12,262,000	10,089,000
Total	19,704,000	16,041,000	23,680,000	16,934,000	17,541,000
November—					
Demand, street, Demand, other	2,832,000	8,037,000	6,585,000	5,562,000	4,217,000
Time, street, Time, other	13,764,000	14,710,000	16,257,000	11,915,000	9,133,000
Total	16,596,000	22,747,000	22,842,000	17,477,000	13,350,000

Details of collateral reported as of Dec. 7, 1912.

REMARKS.—Bank's own loans include all its time and demand loans, of which the report estimates 75 per cent was made to brokers and 90 per cent altogether secured by stock-exchange collateral. It was not considered necessary in the circumstances to estimate any material reduction in the total.

No. 30.—*National Bank of Commerce.*

[Correspondents, 1,671. Aggregate capital, surplus, and undivided profits, $850,645,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January	$40,061,000	$58,075,000	$46,204,000	$55,574,000	$50,171,000
February	62,400,000	74,001,000	58,965,000	58,704,000	49,614,000
November	63,926,000	48,106,000	49,491,000	53,043,000	[1] 42,909,000
Loans for correspondents:					
January	11,803,000	13,038,000	24,250,000	11,282,000	12,149,000
February	10,149,000	13,886,000	13,045,000	9,330,000	8,965,000
November as of December	10,285,000	21,470,000	9,200,000	9,379,000	18,080,000
Bank's own loans (on stock exchange collateral only):					
January—					
Demand, street	52,139,000	97,440,000	80,717,000	62,812,000	40,924,000
Demand, other					
Time, street					
Time, other					
July—					
Demand, street	87,020,000	103,733,000	66,937,000	64,795,000	52,383,000
Demand, other					
Time, street					
Time, other					
November as of December—					
Demand, street	110,111,000	81,168,000	62,186,000	37,652,000	38,230,000
Demand, other					
Time, street					
Time, other					

[1] December.

Details of collateral reported (presumably) as of December, 1912.
REMARKS.—Bank has no loan committee or voting trust agreement, nor has it had at any time.

No. 31.—*National City Bank.*

[Correspondents, 1,889. Aggregate capital, surplus, and undivided profits, $947,496,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January as of April	$78,423,000	$101,627,000	$81,032,000	$92,572,000	$91,137,000
July as of June	98,967,000	138,762,000	84,162,000	94,002,000	87,825,000
November	84,727,000	80,232,000	71,874,000	90,518,000	75,172,000
Loans for correspondents:					
January	5,012,000	2,352,000	7,005,000	5,415,000	2,660,000
July	2,502,000	3,040,000	10,515,000	3,270,000	2,850,000
November	2,067,000	11,420,000	2,657,000	4,830,000	10,200,000
Bank's own loans (on stock exchange collateral only):					
January—					
Demand, street	69,187,000	98,335,000	71,032,000	66,731,000	68,242,000
Demand, other					
Time, street	16,757,000	38,119,000	37,696,000	20,951,000	27,834,000
Time, other					
Total	85,944,000	136,454,000	108,728,000	87,682,000	96,076,000
July—					
Demand, street	107,271,000	105,070,000	68,678,000	72,159,000	70,825,000
Demand, other					
Time, street	25,251,000	31,284,000	29,593,000	20,708,000	30,958,000
Time, other					
Total	132,522,000	136,354,000	98,271,000	92,867,000	101,783,000
November:					
Demand, street	121,904,000	76,066,000	74,589,000	73,351,000	52,346,000
Demand, other					
Time, street	23,100,000	33,309,000	28,377,000	23,213,000	32,442,000
Time, other					
Total	145,004,000	109,375,000	102,966,000	96,564,000	84,788,000

Details of collateral reported as of Dec. 7, 1912.
REMARKS.—Bank's own loans are distinctly time and demand stated to be secured by collateral other than merchandise, and also excluding bills discounted. No more exact classification seems possible.

No. 32.—*National Park Bank.*

[Correspondents, 2,426. Aggregate capital, surplus, and undivided profits, $764,825,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January	$37,011,000	$53,518,000	$47,130,000	$48,552,000	$47,610,000
July	48,868,000	56,519,000	47,121,000	53,439,000	50,032,000
November	59,867,000	53,027,000	49,510,000	54,732,000	[1] 49,058,000
Loans for correspondents:					
January	[2] 5,731,000	[2] 4,489,000	[3] 19,845,000	[3] 15,841,000	10,096,000
July	3,117,000	[4] 13,277,000	[4] 15,306,000	8,613,000	8,790,000
November	1,922,000	18,277,000	15,429,000	10,096,000	14,808,000
Bank's own loans (on stock exchange collateral only):					
January—					
Demand, street	1,064,000	28,425,000	23,060,000	22,670,000	20,445,000
Time, street	Nil	5,415,000	2,665,000	664,000	1,725,000
All other	25,489,000	14,431,000	15,983,000	15,315,000	19,109,000
Total	26,553,000	48,271,000	41,708,000	38,649,000	41,279,000
July—					
Demand, street	28,970,000	34,290,000	21,805,000	20,351,000	24,607,000
Time, street	4,990,000	3,090,000	105,000	1,441,000	3,395,000
All other	18,999,000	16,681,000	21,946,000	18,735,000	22,091,000
Total	52,959,000	54,061,000	43,856,000	40,527,000	50,093,000
November—					
Demand, street	31,690,000	21,905,000	15,350,000	19,297,000	14,681,000
Time, street	1,850,000	833,000	45,000	1,095,000	250,000
All other	18,797,000	18,028,000	19,770,000	21,486,000	22,444,000
Total	52,337,000	40,766,000	35,165,000	41,878,000	37,375,000

[1] December. [2] February. [3] January. [4] June.

Details of collateral reported (classification only) Dec. 7, 1912. Also in detail.

No. 33.—*New York Trust Co.*

[Correspondents, 30. Aggregate capital, surplus, and undivided profits, $83,823,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January as of April	$2,113,000	$2,823,000	$2,594,000	$3,033,000	[1] $2,732,000
July as of June	2,471,000	2,140,000	2,662,000	2,617,000	3,235,000
November	3,806,000	2,530,000	2,366,000	2,697,000	1,824,000
Loans for correspondents:					
January, July, November	(2)	(2)	(2)	(2)	(2)
Bank's own loans (on stock exchange collateral only):					
January—					
Demand, street	1,762,000	12,022,000	19,209,000	10,488,000	7,575,000
Demand, other	7,075,000	6,561,000	5,992,000	7,984,000	8,098,000
Time, street, Time, other	8,980,000	8,323,000	11,198,000	7,127,000	7,030,000
Total	17,817,000	26,906,000	36,399,000	25,599,000	22,703,000
July—					
Demand, street	7,589,000	27,311,000	14,782,000	12,128,000	8,758,000
Demand, other	7,070,000	5,492,000	7,510,000	7,703,000	10,112,000
Time, street, Time, other	8,191,000	9,516,000	6,179,000	8,579,000	5,653,000
Total	22,850,000	42,319,000	28,471,000	28,410,000	24,523,000
November—					
Demand, street	10,714,000	21,[illegible]8,000	10,535,000	6,656,000	8,455,000
Demand, other	7,480,000	6,[illegible]41,000	7,427,000	9,210,000	9,936,000
Time, street, Time, other	9,892,000	13,004,000	6,823,000	6,474,000	4,655,000
Total	28,076,000	41,[illegible]43,000	24,785,000	22,340,000	23,046,000

[1] January. [2] Nominal.

Details of collateral reported as of Dec. 12, 1912.

No. 34.—*Seaboard National Bank.*

[Correspondents, 964. Aggregate capital, surplus, and undivided profits, $343,925,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January	$14,349,000	$15,370,000	$16,670,000	$20,793,000	$19,146,000
July	17,083,000	17,893,000	17,119,000	18,810,000	20,042,000
November	17,706,000	17,827,000	17,518,000	18,382,000	21,262,000
Loans for correspondents:					
January	1,585,000	51,000	4,170,000	2,770,000	2,850,000
July	90,000	600,000	1,330,000	1,050,000	2,305,000
November	325,000	2,240,000	1,315,000	1,008,000	6,810,000
Bank's own loans (on stock exchange collateral only):					
January—					
Demand, street	3,435,000	6,955,000	6,551,000	7,858,000	5,224,000
Demand, other					
Time, street					
Time, other					
July—					
Demand, street	9,519,000	9,084,000	4,575,000	8,125,000	5,837,000
Demand, other					
Time, street					
Time, other					
November—					
Demand, street	6,530,000	5,300,000	5,852,000	5,809,000	5,734,000
Demand, other					
Time, street					
Time, other					

Details of collateral reported as of Dec. 12, 1912.

No. 35.—*Standard Trust Co. (now merged with Guaranty Trust Co.).*

[Correspondents, nil. Aggregate capital, surplus, and undivided profits, nil.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January as of April	$1,032,000	$2,116,000	$1,687,000	$1,982,000	$2,636,000
July as of June	1,622,000	2,406,000	1,501,000	1,940,000	2,942,000
November	2,042,000	1,766,000	1,690,000	2,013,000	(1)
Loans for correspondents:					
January	(2)	(2)	(2)	(2)	(2)
July					
November					
Bank's own loans (on stock exchange collateral only):					
January—					
Demand, street	(2)	(2)	(2)	5,128,000	4,114,000
Demand, other					
Time, street	(2)	(2)	(2)	(2)	(2)
Time, other					
July—					
Demand, street	(2)	(2)	3,276,000	5,087,000	4,412,000
Demand, other					
Time, street	(2)	(2)	(2)	(2)	(2)
Time, other					
November—					
Demand, street	(2)	(2)	3,128,000	4,037,000	(1)
Demand, other					
Time, street	(2)	(2)	(2)	(2)	(1)
Time, other					

[1] Merged. [2] Unknown.

REMARKS.—The above statistics apply to the Standard Trust Co. prior to its merger with the Guaranty Trust Co. With reference to items marked "Unknown," see remarks appended, Schedule No. 17.

No. 36.—*Title Guarantee & Trust Co.*

[Correspondents, 23. Aggregate capital, surplus, and undivided profits, $10,204,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January as of April	$1,311,000	$840,000	$1,024,000	[1] $1,333,000	$1,222,000
July as of June	697,000	1,230,000	986,000	1,391,000	1,237,000
November	647,000	849,000	937,000	1,168,000	996,000
Loans for correspondents:					
January, July, November	Nil.	Nil.	Nil.	Nil.	Nil.
Bank's own loans (on stock exchange collateral only):					
January—Demand, street; Demand, other; Time, street; Time, other	[2]	[2]	[2]	[2]	[2]
July—Demand, street; Demand, other; Time, street; Time, other	[2]	[2]	[2]	[2]	[2]
November—Demand, street; Demand, other	[2]	[2]	[2]	[2]	[3] $3,724,000
November—Time, street; Time, other	[2]	[2]	[2]	[2]	[3] $1,879,000
Total					5,603,000

[1] January. [2] Not given. [3] December.

Details of collateral reported as of Dec. 6, 1912.

No. 37.—*United States Mortgage & Trust Co.*

[Correspondents, 121. Aggregate capital, surplus, and undivided profits, $176,582,000.]

	1908	1909	1910	1911	1912
Deposits by correspondents:					
January as of April	$2,477,000	$3,825,000	$4,664,000	$5,720,000	$8,342,000
July as of June	3,630,000	6,187,000	4,291,000	5,343,000	5,333,000
November	3,117,000	3,512,000	4,250,000	5,321,000	4,064,000
Loans for correspondents:					
January	15,000	650,000	2,225,000	7,140,000	5,030,000
July	30,000	50,000	6,390,000	1,720,000	3,160,000
November	Nil.	1,030,000	7,470,000	4,780,000	4,745,000
Bank's own loans (on stock-exchange collateral only):					
January—Demand, street; Demand, other	2,015,000	7,750,000	8,995,000	8,151,000	5,940,000
January—Time, street; Time, other	Nil.	100,000	5,475,000	2,375,000	4,025,000
Total	2,015,000	7,850,000	14,470,000	10,526,000	9,965,000
July—Demand, street; Demand, other	6,200,000	5,407,000	9,898,000	12,255,000	8,275,000
July—Time, street; Time, other	Nil.	6,640,000	2,560,000	1,925,000	2,950,000
Total	6,200,000	12,047,000	12,458,000	14,180,000	11,225,000
November—Demand, street; Demand, other	3,815,000	7,050,000	6,023,000	3,545,000	5,305,000
November—Time, street; Time, other	100,000	5,670,000	3,800,000	3,025,000	3,550,000
Total	3,915,000	12,720,000	9,823,000	6,570,000	8,855,000

Details of collateral reported as of Dec. 12, 1912.

EXHIBIT 134.

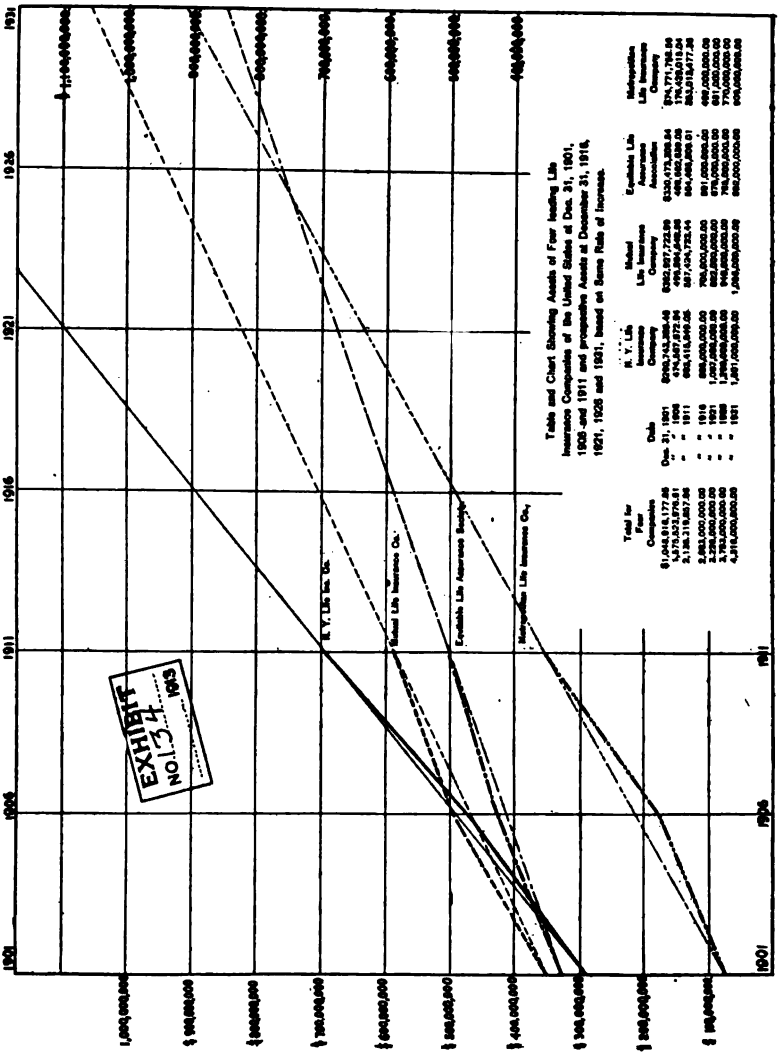


EXHIBIT
NO. 134
1913
Table and Chart Showing Assets of Five leading Life Insurance Companies of the United States at Dec. 31, 1901, 1906 and 1911 and progressive Assets at December 31, 1916, 1921, 1926 and 1931, based on Same Rate of Increase.
Total for Five Companies
Date
N. Y. Life Insurance Company
Mutual Life Insurance Company
Equitable Life Assurance Society
Metropolitan Life Insurance Co.
$1,048,816,177.26
1,475,353,276.81
2,136,319,857.56
2,993,000,000.00
3,794,000,000.00
4,810,000,000.00
Dec. 31, 1901
" " 1906
" " 1911
" " 1916
" " 1921
" " 1926
" " 1931
$703,743,366.46
474,487,272.94
664,118,948.06
886,000,000.00
1,097,000,000.00
1,308,000,000.00
1,497,000,000.00
$322,917,723.00
499,366,456.06
667,474,732.44
784,000,000.00
992,000,000.00
1,200,000,000.00
1,404,000,000.00
$230,473,386.84
405,602,589.26
564,499,999.01
811,000,000.00
976,000,000.00
1,142,000,000.00
1,300,000,000.00
$174,771,700
176,455,119.84
334,319,477.26
499,000,000.00
691,000,000.00
770,000,000.00
910,000,000.00
N. Y. Life Ins. Co.
Mutual Life Insurance Co.
Equitable Life Assurance Society
Metropolitan Life Insurance Co.
1901
1906
1911
1916
1921
1926
1931
$ 100,000,000
$ 200,000,000
$ 300,000,000
$ 400,000,000
$ 500,000,000
$ 600,000,000
$ 700,000,000
$ 800,000,000
$ 900,000,000
$ 1,000,000,000
$ 1,100,000,000

EXHIBIT No. 135.

Bank balances at Dec. 31, 1911, 1910, and 1900, and average balance for each year in each of its principal banks of New York Life Insurance Co.

Year.	Citizens' Central National Bank.		Chase National Bank.		Mechanics' & Metals National Bank.		New York Trust Co.		Total for four banks.	
	Balance Dec. 31.	Average for year.	Balance Dec. 31.	Average for year.	Balance Dec. 31.	Average for year.	Balance Dec. 31.	Average for year.	Balance Dec. 31.	Average for year.
1911	$687,416.08	$2,386,388.00	$667,188.50	$1,557,585.00	$668,050.64	$1,527,225.00	$689,767.22	$1,502,644.00	$2,712,422.44	$6,973,842.00
1910	1,537,369.21	2,980,523.00	451,604.68	768,729.00	450,382.30	1,010,390.00	455,389.73	727,657.00	2,894,745.92	5,487,299.00
1909	705,024.46	3,595,717.43	1,134,048.97	1,881,120.79	442,935.20	976,237.40	371,483.68	617,973.47	2,653,492.31	7,071,049.09

EXHIBIT No. 135–A.

Bank balances at Dec. 31, 1911, 1910, and 1909, and average balance for each year in each of its principal banks of Mutual Life Insurance Co.

Year.	National Bank of Commerce.		First National Bank.		American Exchange National Bank.		Farmers' Loan & Trust Co.		United States Mortgage & Trust Co.		Guaranty Trust Co.		Total for above banks.	
	Balance Dec. 31.	Average for year.	Balance Dec. 31.	Average for year.	Balance Dec. 31.	Average for year.	Balance Dec. 31.	Average for year.	Balance Dec. 31.	Average for year.	Balance Dec. 31.	Average for year.	Balance Dec. 31.	Average for year.
1911	$589,467.02	$1,424,152.00	$351,407.39	$558,214.00	$69,090.41	$655,213.00	$365,591.15	$2,872,986.00	.....	.....	.....	.....	$1,375,555.97	$5,510,565.00
1910	618,289.01	1,044,601.96	.....	.....	1,745,471.93	638,352.89	413,464.63	1,471,700.67	.....	.....	$100,000	$954,166.66	2,877,225.57	4,108,822.18
1909	141,347.85	1,884,395.85	372,143.23	736,706.99	.....	.....	.....	.....	$451,000.00	$1,253,583.33	550,000	3,137,500.00	1,514,491.08	7,012,186.17

EXHIBIT No. 135–B.

Bank balances at Dec. 31, 1911, 1910, and 1909, and average balance for each year in each of its principal banks of Equitable Life Assurance Society.

Year.	National Bank of Commerce, New York.		Bankers Trust Co.		Mercantile Trust Co.		Equitable Trust Co.		Guaranty Trust Co.		Commercial Trust Co., Philadelphia.		Total for above banks.	
	Balance Dec. 31.	Average for year.	Balance Dec. 31.	Average for year.	Balance Dec. 31.	Average for year.	Balance Dec. 31.	Average for year.	Balance Dec. 31.	Average for year.	Balance Dec. 31.	Average for year.	Balance Dec. 31.	Average for year.
1911	$1,336,494.40	$2,130,163.00	$3,507,010.42	$6,290,459			$2,202,646.57	$3,069,907.00	$530,988.86	$524,470			$7,577,140.25	$12,014,999
1910	1,823,514.55	2,082,972.00			$2,233,453.06	$2,523,849.00	2,090,801.18	1,872,809.00			$82,050.88	$207,433.00	6,219,819.67	6,686,603
1909	1,963,947.48	2,675,297.28			3,190,141.87	4,448,741.22	1,714,615.21	2,611,424.91			417,890.40	507,349.98	7,186,594.56	10,242,813

EXHIBIT No. 135–C.

Bank balances at Dec. 31, 1911, 1910, and 1909, and average balance for each year in each of its principal banks of Metropolitan Life Insurance Co.

Year.	Metropolitan Bank.		Central Trust Co.		Federal Trust Co.		Hamilton Trust Co.		Metropolitan Trust Co.		Total for above banks.	
	Balance Dec. 31.	Average for year.	Balance Dec. 31.	Average for year.	Balance Dec. 31.	Average for year.	Balance Dec. 31.	Average for year.	Balance Dec. 31.	Average for year.	Balance Dec. 31.	Average for year.
1911	$987,934.01	$2,790,410.00	$457,001.36	$202,151.00			$618,311.10	$530,604.00	$510,745.13	$404,864.00	$2,573,991.60	$3,928,029.00
1910	1,093,810.73	2,958,583.46			$199,067.19	$195,832.65	716,812.36	567,652.54	549,557.41	515,904.58	2,559,247.69	4,237,973.00
1909	2,444,502.32	2,710,941.31			193,138.58	189,788.67	474,109.62	435,559.43	534,860.51	604,917.06	3,646,611.03	3,941,206.00

×

MONEY TRUST INVESTIGATION

INVESTIGATION

OF

FINANCIAL AND MONETARY CONDITIONS IN THE UNITED STATES

UNDER

HOUSE RESOLUTIONS NOS. 429 AND 504

BEFORE A

HOUSE

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY

PART 17

WASHINGTON
GOVERNMENT PRINTING OFFICE
1913

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY.

HOUSE OF REPRESENTATIVES.

ARSÈNE P. PUJO, Louisiana, *Chairman.*

WILLIAM G. BROWN, West Virginia.	GEORGE A. NEELEY, Kansas.
ROBERT L. DOUGHTON, North Carolina.	HENRY McMORRAN, Michigan.
HUBERT D. STEPHENS, Mississippi.	EVERIS A. HAYES, California.
JAMES A. DAUGHERTY, Missouri.	FRANK E. GUERNSEY, Maine.
JAMES F. BYRNES, South Carolina	WILLIAM H. HEALD, Delaware.

R. W. FONTENOT, *Clerk.*
A. M. MCDERMOTT, *Assistant Clerk.*

MONEY TRUST INVESTIGATION.

SUBCOMMITTEE OF THE
COMMITTEE ON BANKING AND CURRENCY,
HOUSE OF REPRESENTATIVES,
Washington, D. C., Monday, January 6, 1913.

The subcommittee met at 2.30 o'clock p. m.

Present: Messrs. Pujo (chairman), Brown, Stephens, Byrnes, Daugherty, and Heald.

Present also: Samuel Untermyer, Esq., of New York City, counsel for the committee, and G. Carroll Todd, Esq., assistant counsel for the committee.

TESTIMONY OF MR. WILLIAM W. ARMSTRONG.

The witness was sworn by the chairman.

Mr. UNTERMYER. Mr. Armstrong, will you be good enough to state your full name, residence, and occupation?

Mr. ARMSTRONG. William W. Armstrong, president National Copper Bank, Salt Lake City, Utah.

Mr. UNTERMYER. How long have you been president of the National Copper Bank of Salt Lake City?

Mr. ARMSTRONG. Since its organization, about June 1, 1910.

Mr. UNTERMYER. What was its capital and surplus?

Mr. ARMSTRONG. $500,000 capital and $50,000 surplus.

Mr. UNTERMYER. At the time of the organization of the National Copper Bank, was there a clearing house association in Salt Lake City?

Mr. ARMSTRONG. There was.

Mr. UNTERMYER. And it was known by what name?

Mr. ARMSTRONG. I think it was called the Salt Lake City Clearing House Association.

Mr. UNTERMYER. What was the membership of that association?

Mr. ARMSTRONG. If I recollect correctly, there were seven members.

Mr. UNTERMYER. Were they all Salt Lake City banks?

Mr. ARMSTRONG. Yes.

Mr. UNTERMYER. Were any of them national banks?

Mr. ARMSTRONG. Three of them, I think, were national banks.

Mr. UNTERMYER. Will you be good enough to state, Mr. Armstrong, the names of the members at that time?

Mr. ARMSTRONG. The Deseret National Bank, the Continental National, the National Bank of the Republic, the Utah National Bank,

McCornick & Co., Walker Bros., bankers, and the Utah Savings & Trust Co. made up the seven.

Mr. UNTERMYER. Was McCornick & Co. a corporation or a partnership?

Mr. ARMSTRONG. It was a corporation at that time, at the time we entered the clearing house.

Mr. UNTERMYER. And has it been since then?

Mr. ARMSTRONG. It has.

Mr. UNTERMYER. Do you know by whom it is owned?

Mr. ARMSTRONG. I understand it is owned by Mr. McCornick and his associates.

Mr. UNTERMYER. How about the other member, Walker Bros., I think you said?

Mr. ARMSTRONG. That, I understand, is a State bank, owned by Mr. M. H. Walker and his associates.

Mr. UNTERMYER. Upon the organization of your bank, did you apply for membership in the clearing house association?

Mr. ARMSTRONG. We did.

Mr. UNTERMYER. When did you become a member?

Mr. ARMSTRONG. On or about June 1, when we opened for business, 1910.

Mr. UNTERMYER. Did any of the banks of Salt Lake City clear through clearing house banks, or were they all members of the association?

Mr. ARMSTRONG. I understand, if I recollect aright, that the Merchants' Bank at that time cleared through some other bank. I can not recall the bank. They have since joined the clearing house.

Mr. UNTERMYER. Did any of the banks in the surrounding neighborhood clear through clearing-house banks of Salt Lake City?

Mr. ARMSTRONG. No. There were two local banks, if I recollect aright, that did clear at that time, and do clear yet, through members of the clearing house—the Zion Savings Bank & Trust Co. and the Salt Lake City Security & Trust Co.

Mr. UNTERMYER. Was Mr. McCornick connected with any of the banks in the clearing house association at that time in 1910 other than McCornick & Co.?

Mr. ARMSTRONG. Yes, sir.

Mr. UNTERMYER. With what other banks was he identified?

Mr. ARMSTRONG. The Utah Savings & Trust Co. as president, if I recollect aright, and the Utah National Bank as president.

Mr. UNTERMYER. Had he interests in other Salt Lake banks?

Mr. ARMSTRONG. Not to my knowledge.

Mr. UNTERMYER. Having become a member of the clearing house association, did anything happen subsequently in that association to disturb or interfere with your continued membership? If so, when, and what happened?

Mr. ARMSTRONG. On October 24, 1910, the National Copper Bank received a communication from the executive committee of the Salt Lake City Clearing House Association.

Mr. UNTERMYER. Will you produce that letter?

Mr. ARMSTRONG. Here it is.

The letter referred to was marked "Exhibit No. 143."

Mr. UNTERMYER. I will read this letter [reading]:

EXHIBIT 143.

THE SALT LAKE CITY CLEARING HOUSE,
October 24, 1910.

NATIONAL COPPER BANK, *City.*

GENTLEMEN: At a meeting held Monday, October 24, 1910, of the executive committee of the Salt Lake City Clearing House, all members being present, the following was unanimously adopted, viz:

"Whereas it is contrary to the ethics of banking to solicit the account or business from any customer where banking relations have already been established: Therefore be it

"*Resolved*, That the following be inserted in the rules of the Salt Lake City Clearing House, to take effect immediately, and shall be designated as section 10-B of rules:

"'Section X-B. No bank official, director, agent, attorney, or employee shall solicit, by offering special inducements or other monetary considerations, the account or business of any customer of another bank where banking relations have already been established.'"

The secretary was instructed to call attention to section XI of rules, as follows:

"A violation of any provision of these rules shall be punishable by a fine of $500 for the first offense, a fine of $1,000 for the second offense, and by expulsion from the clearing house for the third offense, and a refusal to pay a fine imposed under the provision of this section shall be punishable by expulsion."

Respectfully, yours,

L. H. FARNSWORTH, *Secretary.*

All these members of the clearing house association except your bank were old established banks, were they?

Mr. ARMSTRONG. Yes, sir.

Mr. UNTERMYER. And you say your bank had just been established and was trying to get business?

Mr. ARMSTRONG. Yes.

Mr. UNTERMYER. Did you answer this letter?

Mr. ARMSTRONG. I did. Here is a carbon copy of the answer.

The letter referred to was marked "Exhibit No. 144."

Mr. UNTERMYER. I will read this reply [reading]:

EXHIBIT 144.

NOVEMBER 10, 1910.

L. H. FARNSWORTH,
Secretary Executive Committee
Salt Lake City Clearing House, City.

DEAR SIR: Your communication of October 24, inclosing rule—Section X-B—was duly received, and at the first opportunity has been laid before the board of directors of this bank at the regular meeting held yesterday. The board has authorized me to advise the executive committee of the Salt Lake City Clearing House as follows:

We feel that the connection of this bank with the Salt Lake City clearing house is of material benefit in conducting the detail work of the bank. We also consider it an honor to be a member of your association. We expect to live up to your rules both in spirit and in letter so long as we are a member thereof, not desiring to share the benefits without also assuming the burdens as such member. Our banking experience and observation of the business methods of many of the leading banking institutions throughout the United States inclines us to the belief that the resolution which serves as a preamble to the above-mentioned rule is not correct in point of fact, and we desire to

protest against the ethical rule laid down therein, wishing to go on record as refusing to subscribe or assent thereto.

Regarding the rule itself—Section X–B—we find that this rule, as we construe it, is vague, indefinite, and utterly incapable of application; that we are unable to determine what is meant, what it intends to convey, or what line of conduct it aims to impose upon the members of the clearing house.

We beg to remain,

Very respectfully, yours, W. W. ARMSTRONG, *President.*

Was there any answer to that?

Mr. ARMSTRONG. There was. Here it is.

The letter referred to was thereupon marked "Exhibit No. 145, January 6, 1913."

Mr. UNTERMYER. I will read it [reading]:

EXHIBIT 145.

THE SALT LAKE CITY CLEARING HOUSE,
November 14, 1910.

THE NATIONAL COPPER BANK,
Mr. W. W. Armstrong, President, City.

DEAR SIR: Referring to your communication of November 10, 1910, relative to rule—Section X–B of the clearing house—I beg to advise that a meeting of the executive committee was held this morning, there being a full quorum present, at which meeting your letter was presented and duly considered.

For your information I beg to advise the following action thereon, viz:

"The communication of November 10 of the National Copper Bank, referring to rule—Section X–B—and protesting against the ethics of the preamble and refusing to subscribe or assent thereto, was presented and duly considered.

"On motion, unanimously adopted, the secretary was instructed to acknowledge the receipt of said communication and advise said bank that the rule so adopted on October 24, 1910, is now in force and will remain in force from the date of its adoption until revised by the association; that under section 1, article 10, a meeting of the association may be called for the consideration and revision of said rule."

If it is your wish that a meeting of the clearing house association be called, kindly so advise me.

Yours, very truly, L. H. FARNSWORTH,
Secretary.

What followed that?

Mr. ARMSTRONG. There was nothing done for some time. At a subsequent meeting, however, I brought the matter up, and it was referred to the executive committee to draw another rule.

On or about the 12th day of January, 1912, they presented to the clearing house association for its adoption or rejection a new rule to take the place of this rule, Section X–B.

Mr. UNTERMYER. Were you advised of that?

Mr. ARMSTRONG. We were. It was put to a vote in the clearing house association and every member of the association, eight members, voted in favor of it. The National Copper Bank refused to vote, stating that it wished to submit the question to its board of directors before taking action.

The next day we received this letter [handing letter to counsel for the committee].

The letter referred to was thereupon marked "Exhibit No. 146, January 6, 1913."

Mr. UNTERMYER. I will read this [reading]:

EXHIBIT 146.

THE SALT LAKE CITY CLEARING HOUSE,
January 12, 1912.

NATIONAL COPPER BANK,
City.

GENTLEMEN: At a meeting of the Salt Lake City Clearing House Association held January 11, 1912, the following rule was adopted:

Whereas it is recognized that fair competition in the banking business, as in all others, is a well-established and desirable principle, the soliciting or bidding for accounts subject to check by offering to pay interest on daily balances is demoralizing in its tendencies and a practice to be severely condemned; and

Whereas it is claimed by members of this association that it is necessary for them to pay interest on certain existing checking accounts in order to keep their customers from depositing in other cities, or for other reasons which are proper and unassailable: Therefore be it

Resolved, That in order to prevent the practice of offering to pay interest on accounts subject to check in an endeavor to induce the severance of well-established relations or to procure new business, and in order also to uphold and maintain existing relations which are regarded as legitimate and beyond criticism, the following be inserted in the rules of this association, to take effect immediately, to be substituted as section 10-B:

SECTION 10-B.

"No member of this association shall directly or indirectly pay interest on an open or checking account, except to banks as provided for in section 8; *Provided*, That where arrangements heretofore have been made between a member of this association and a depositor which require the payment of interest, they shall not be disturbed: *And provided further*, That should it become necessary for any member of this association to pay interest on a checking, or an open account, permission so to do must first be obtained from the executive committee, to which committee the facts and reasons therefor shall be presented: *And provided*, That public funds shall not be subject to this rule."

Yours, very truly,

T. W. BOYER, *Secretary.*

Referring to that letter, do you know whether the other and old-established banks there were paying interest on accounts?

Mr. ARMSTRONG. I have been advised by customers and by others that they were.

Mr. UNTERMYER. Did you reply to this letter?

Mr. ARMSTRONG. The letter was laid before the board of directors of the National Copper Bank, and they instructed me, as their president, to vote "no" at the next meeting of the clearing house. I prepared an answer, setting forth the views of the bank on the subject.

Several meetings were held in the interim, and on April 24, at a meeting of the clearing house, a vote on this question was demanded from the National Copper Bank. I voted "no," and I submitted its reasons in writing.

Mr. UNTERMYER. By a letter, of which this is a copy [indicating]?

Mr. ARMSTRONG. Yes.

The letter referred to was thereupon marked "Exhibit No. 147."

Mr. UNTERMYER. I will read it [reading]:

EXHIBIT 147.

APRIL 20, 1912.

CLEARING HOUSE ASSOCIATION,
Salt Lake City, Utah.

GENTLEMEN: At the last meeting of the clearing house association, as a representative of the National Copper Bank of this city, I refrained from voting either in favor of or against the adoption of section 10–B, giving my reason at that time that I desired to submit the question as to whether or not the National Copper Bank was in favor of or against the adoption of said resolution to the board of directors of said bank. Since then I have submitted the matter to the board of directors of the National Copper Bank, and now desire to inform you that the board of directors of the bank which I represent has instructed me to vote against the adoption of said section 10–B and to protest against the adoption of said section and the enforcement thereof in case the same should be adopted by the clearing house association.

The National Copper Bank finds itself unable to abide by the provisions of section 10–B, and takes this opportunity of notifying the clearing house association that it does not intend to abide by the same.

I have been advised that the adoption by the clearing house of this section and the acquiesence in the same by the members of the clearing house association is, and will be, illegal as against public policy.

I have also been advised that membership in the clearing house clothes each member with an interest in its property and benefits, which you, of course, recognize is of very great value to every member thereof. This interest in the property and benefits accruing to a membership in the clearing house association, I have been advised, constitutes a valuable property right, which the courts will protect and maintain, and that any member of the clearing house association whose property rights are sought to be interfered with by an attempt to enforce the provisions of this illegal section, can seek and secure redress in the courts.

In this connection I desire to state that there is now pending in the court of Allegheny County, Pa., a suit wherein certain members of the clearing house association are seeking to enjoin the clearing house association and certain members thereof from adopting and attempting to enforce certain provisions of the articles of association of the Pittsburgh clearing house, which, in some respects, are very similar to section 10–B of our local association. This suit has not yet been determined, as I am advised, and I would respectfully suggest that section 10–B of the rules of our local clearing house association be suspended pending the final determination of this case. I believe that the clearing house association is making a great mistake in attempting to enforce section 10–B, and that no good can come from it. For any combination of banks, whether chartered under the national law or the State statute, to enter into a combination to regulate in an arbitrary way the amount of interest that any bank belonging to the association shall pay upon its account, or upon daily balances of banks or individuals, I have been advised is against public policy and void, and is an encroachment upon the rights of the respective banks to carry on their business by and through their respective boards of directors, amounting thus to a delegation of power by the board to unauthorized persons, which is contrary to the provisions of the statutes under which each bank is incorporated. Such a rule if acquiesced in would subject the members of the clearing house to very severe criticism, if not to a prosecution upon a conspiracy in restraint of trade and commerce.

While, of course, it is true that any member of the clearing house, not wishing to acquiesce in this rule, has the privilege of withdrawing therefrom or being expelled from membership therein, still this condition of affairs would be exceedingly undesirable, and would subject the withdrawing member or the expelled member to very material financial loss, and deprive it of a valuable property right.

I have placed the view that the National Copper Bank takes upon this subject in writing, so that there may not be any misunderstanding as to its position, and desire again to state that that bank protests against the adoption and enforcement of section 10-B, and that it will not abide by the same in case said section shall be adopted, and reserves to itself the right to take such steps as it may be advised to protect its interest as a member of the clearing house association.

Very respectfully,

W. W. ARMSTRONG,
President.

Following the receipt of that letter, what happened?

Mr. ARMSTRONG. The withdrawal of the National Copper Bank was demanded.

Mr. UNTERMYER. Who demanded its withdrawal from the association?

Mr. ARMSTRONG. I recall that Mr. Burton, the secretary of the association, demanded it. There were others but I cannot recall their names.

Mr. UNTERMYER. What happened then?

Mr. ARMSTRONG. On behalf of the National Copper Bank, I declined to withdraw, for the reasons set forth in my letter.

Mr. UNTERMYER. What happened next?

Mr. ARMSTRONG. The association thereupon adjourned, and, if I recall aright, met in one week to consider the expulsion from their body of the National Copper Bank.

At the next meeting no reference was made to expulsion. Mr. McCornick, representing McCornick & Co., moved that the association dissolve, distribute its assets, and retire from business. This motion was seconded, and an adjournment was taken for one week to afford time for the consideration of questions pertaining to such dissolution.

Mr. UNTERMYER. Following that, were there frequent adjournments of the association for the same reasons?

Mr. ARMSTRONG. Thereafter, until June 1, 1912, or about that date, weekly adjournments were had.

Mr. UNTERMYER. What happened in the meantime as between the National Copper Bank and the clearing house association?

Mr. ARMSTRONG. About May 24, 1912, the vice president of the clearing house association, Mr. Boyer, presented to the president of the National Copper Bank, with a request that it sign the same, a document purporting to be rules adopted by a new clearing house association which was being formed. This document carried the signatures of eight banks of Salt Lake City, who, with the National Copper Bank at that time constituted the clearing house association.

Mr. UNTERMYER. Have you a copy of the document which you were requested to sign?

Mr. ARMSTRONG. I have.

Mr. UNTERMYER. Is that the document which was finally adopted by the new clearing house association?

Mr. ARMSTRONG. That I could not say.

Mr. UNTERMYER. Let us have the document that you were requested to sign. We will offer that in evidence.

The witness produced the document referred to, which was thereupon marked "Exhibit No. 148," January 6, 1913, and will be found at the end of to-day's proceedings.

Mr. UNTERMYER. I will read from that a few paragraphs. It is already in evidence. It is headed, "Constitution of the Salt Lake Clearing House Association."

The particular parts of this constitution to which it is necessary to call the attention of the committee at this time are as follows:

9. No member shall directly or indirectly pay interest upon an open or checking account, excepting upon the accounts of banking institutions, and in no case shall interest be allowed to such institutions upon daily balances at

a rate in excess of 2½ per cent per annum: *Provided*, That where arrangements have heretofore been entered into between a member of the association and a depositor not a banking institution, which require the payment of interest, they shall not be disturbed, and the same arrangement may be continued by any other member succeeding to the account: *And provided further*, That application may be made by a member to the executive committee for permission and permission may be granted, to pay interest upon a checking or open account upon a statement in writing of the facts and reasons therefor.

Then, a little further down [reading]:

10. The following charges shall be made upon escrow.

Then follow prescribed amounts that must be charged upon escrow.

Then, a little further down:

No charge need be made upon drafts issued to the Government of the United States, or its disbursing officers, to express companies, to telegraph companies, to interstate railroad companies, or their subsidiary companies; to nonresident customers, to banks in Salt Lake City or their correspondent banks, etc.

Then:

A charge shall be made upon all telegraphic transfers of not less than the following rates.

Then follow prescribed rates and charges that must be made.

Then there is a long schedule of charges that are required to be made for various kinds of business conducted by the banks.

I read further:

SEC. 20. Applications for contributions from members of the association to charities, celebrations, excursions, local organizations, etc., shall be referred to the executive committee: *Provided*, That any member may contribute not to exceed the sum of $10 to such purposes, without reference to the committee.

Was there anything that you could think of with respect to the business of the bank which was left to its directors under this constitution?

Mr. ARMSTRONG. Very little.

Mr. UNTERMYER. What happened after the presentation of that document for your signature and the refusal of your bank to sign it?

Mr. ARMSTRONG. The National Copper Bank, after full consideration by its counsel and the directors of the rules proposed for a new clearing house association, declined to sign the same, or to accept a membership under the conditions sought to be imposed, for the reason that the rules offered by the new association did not differ in substance from those of the existing association to which the National Copper Bank had declined to submit, and for the further reason that it believed submission to the proposed rules delegated a control over its affairs to others than its directors.

On June 1, 1912, the clearing house association received the written withdrawal notice of eight members, leaving the National Copper Bank the sole remaining bank of such association.

Mr. UNTERMYER. That is, they all drew out and left you alone?

Mr. ARMSTRONG. Yes; we are alone yet.

Mr. UNTERMYER. There was nothing for you to clear with then, was there?

Mr. ARMSTRONG. Except with ourselves. The eight members so withdrawing immediately thereafter formed a new clearing house association, which again presented to the National Copper Bank its proposed constitution and by-laws and urged the bank's representa-

tive to sign the same. This was the complete transaction. The National Copper Bank again declined to sign the same.

Mr. UNTERMYER. The document they then presented to you as the constitution of the new association was the document that you have presented here?

Mr. ARMSTRONG. It is. And it was duly signed by the other eight banks before it was brought to us to sign.

Mr. UNTERMYER. Is that the present situation in Salt Lake City with respect to the clearing house association?

Mr. ARMSTRONG. Yes, sir.

Mr. UNTERMYER. Then there is a new association with all the other members in, and you are alone?

Mr. ARMSTRONG. Yes, sir.

Mr. UNTERMYER. In the old association?

Mr. ARMSTRONG. Yes, sir.

Mr. UNTERMYER. And the new association, you say, has adopted this constitution?

Mr. ARMSTRONG. It has, to the best of my knowledge and belief.

Mr. UNTERMYER. Does your bank do business outside of the State of Utah?

Mr. ARMSTRONG. It is engaged in a general banking business in Utah, Idaho, Nevada, Wyoming, and has numerous correspondents in other States.

Mr. UNTERMYER. In what respect have you lost the advantages of clearance as between the banks in Salt Lake City, and what has been the effect of that loss upon your business?

Mr. ARMSTRONG. Since June 1, 1912, it has not been afforded the conveniences or privileges enjoyed by the other banks of Salt Lake City because of its refusal to subscribe to the illegal rules of the new association, and has transacted its business subject to coercive measures.

Mr. UNTERMYER. What do you mean by that? Will you be good enough to specify anything that these other banks assembled in the new asociation have done to embarrass your bank in its interstate business?

Mr. ARMSTRONG. Such coercive measures are as follows:

From June 1, 1912, and until July 22, 1912, the eight banks comprising the new clearing-house association accepted from the National Copper Bank all checks received by it.

On July 20, 1912, the associated banks entered into a conspiracy——

Mr. UNTERMYER. Just a moment, Mr. Armstrong. I do not think we want to characterize their acts. If you will just tell us the particular acts they did, that will answer the purpose of this record, I think.

Mr. ARMSTRONG. On that date, without notice——

Mr. UNTERMYER. What did they do?

Mr. ARMSTRONG. They refused to accept items on correspondent country banks, all of them. They refused to settle with us except for cash.

Mr. UNTERMYER. That is to say, if you had a check from a correspondent bank, drawn on one of these eight banks——

Mr. ARMSTRONG (interposing). No; if we had a check drawn on a correspondent bank of one of these eight banks, naturally through

the process of the clearing house we would take it up, and they would accept it as if it was against themselves.

Mr. UNTERMYER. Yes.

Mr. ARMSTRONG. On that date, without notice, the eight banks, Monday morning, refused to accept them any further, although they had done that from June 1 to July 22. Hence we had to send every one of those checks directly to the banks on which they were drawn, and to submit ourselves to the payment of exchange and time and expense in getting it in that way. That is one thing they did.

Another thing: It is customary, and has been customary among the banks of Salt Lake, to accept cashier's checks for balances, either debit or credit, between the banks in settlement between one another. They refused to accept or give cashier's checks, demanding payment in coin or in money, either way. Before July 22 it was the custom among the clearing house banks to give a bank that paid a check until half-past 2 to return the same, if it found it not good, through its bookkeepers. They stated to us at that time that we would have no time whatever; that when we paid a check it was a final settlement on that check and we could not bring it back, and that they applied the same rule to themselves. It had been the custom in the past for the banks not to require a written indorsement on a check to be paid between the banks of the city. They required us to have the written indorsement of some authorized person, the written signature of some authorized person, on the back of every check that we cashed through them.

Mr. UNTERMYER. How did that embarrass you?

Mr. ARMSTRONG. It required time; it required additional messenger service; it required additional clerks; it required additional guards for money. We were, and are yet, trotting all up and down the streets of Salt Lake City between the banks with an automobile and guards and money and messengers—something that is not required of any other bank in Salt Lake City.

Mr. UNTERMYER. Did anybody raise any question about your responsibility?

Mr. ARMSTRONG. No; there never has been.

Mr. UNTERMYER. Are there directors in your bank who are directors in the other banks?

Mr. ARMSTRONG. No. I beg your pardon. There is one such director.

Mr. UNTERMYER. Are there not four directors in the Copper Bank who are directors in the First National Bank of Park City?

Mr. ARMSTRONG. Yes; that is outside——

Mr. UNTERMYER. Outside?

Mr. ARMSTRONG. Outside of the clearing house.

Mr. UNTERMYER. What did the Salt Lake City banks in the clearing house do with respect to the Park City Bank, with which the Copper Bank was identified, by reason of having four directors in that bank?

Mr. ARMSTRONG. I was advised that they were considering the advisability of retaliating against the Copper Bank by starting another bank in Park City.

Mr. UNTERMYER. That did not materialize, did it?

Mr. ARMSTRONG. No; it did not materialize.

Mr. UNTERMYER. How near is Park City to Salt Lake City?

Mr. ARMSTRONG. Thirty miles.

Mr. UNTERMYER. What I want to ascertain is whether or not anything was done with respect to embarrassing the business of the Park City Bank as a result of this controversy between you and the clearing house and your refusal to subscribe to these rules?

Mr. ARMSTRONG. Yes; there were several acts.

Mr. UNTERMYER. Will you not be good enough to specify?

Mr. ARMSTRONG. The associated banks of Salt Lake City adopted a measure of collecting the checks which they received over their counters of the First National Bank of Park City—not all of them, but part of them—by sending them to Park City, a mining camp thirty odd miles away, by Wells-Fargo Express, collect. That would be calculated to injure the bank in the minds of customers and of the public.

Mr. UNTERMYER. Had you offered to pay the checks?

Mr. ARMSTRONG. I had notified every bank in the city that we would pay on presentation at the window any check against a correspondent bank of ours.

Mr. UNTERMYER. Then, had you or had you not offered to pay these checks in cash?

Mr. ARMSTRONG. I had.

Mr. UNTERMYER. Drawn on the Park City Bank, if they were presented to you in Salt Lake City?

Mr. ARMSTRONG. I did.

Mr. UNTERMYER. Yes. Was it or not after you had offered to pay them that the other banks would send them by express, collect?

Mr. ARMSTRONG. Yes.

Mr. UNTERMYER. To Park City?

Mr. ARMSTRONG. Yes.

Mr. UNTERMYER. And demand the money?

Mr. ARMSTRONG. Yes.

Mr. UNTERMYER. What effect would that have upon your keeping of money in cash?

Mr. ARMSTRONG. We had to keep a very much heavier reserve, inasmuch as the checks were not going through the natural course of business. We do not care to carry any more money in a mining camp than we can help.

Mr. UNTERMYER. Did they have checks there which came in by express?

Mr. ARMSTRONG. Yes; later on there was a specific case, even more flagrant than that, which was when one bank—the Bank of the Republic—had some $32,000 in checks on the First National Bank of Park City, and its president and vice president took the checks and proceeded to Park City and presented them at the window and demanded cash; and it was well known to the various citizens around the town that they were going to present them before they presented them.

Mr. UNTERMYER. Did the little bank in Park City have the money?

Mr. ARMSTRONG. Yes; we had the money.

Mr. UNTERMYER. You had to keep the currency?

Mr. ARMSTRONG. Yes; the law requires that we had to carry on hand 7 per cent at all times, but for this particular emergency it required 15 to 20 per cent in cash.

Mr. UNTERMYER. And was this after you had offered to pay those checks in Salt Lake City, without having them sent up to Park City?

Mr. ARMSTRONG. It was. I made that offer on June 1. This presentation was made November 22.

Mr. UNTERMYER. Is your bank prepared to join a clearing-house association that confines itself to the business of clearing checks between its members?

Mr. ARMSTRONG. We most certainly are. We believe in them. We want to join a clearing-house association.

Mr. UNTERMYER. What does it cost you to conduct your business in this way, outside of the association, over and above what would be the cost of doing business in the association?

Mr. ARMSTRONG. In labor, clerk hire, messengers, guards, and machines, it costs from $10,000 to $15,000 a year to carry on the same business more than it would if we were in the clearing house. We have to carry a very much heavier reserve than we certainly would or than the law requires, anticipating onslaughts by our sister banks.

Mr. UNTERMYER. Are you otherwise embarrassed in the conduct of your business, apart from this money loss; and if so, in what way?

Mr. ARMSTRONG. No, sir; we are not. We are not embarrassed; not worried. We feel ourselves to be impregnable; absolutely able to take care of the balance of it.

Mr. UNTERMYER. What was the particular point of your objection to these rules?

Mr. ARMSTRONG. That they were in restraint of trade.

Mr. UNTERMYER. In what respect?

Mr. ARMSTRONG. Also that they delegated an authority to parties who had no interest in the bank, by the board of directors, who had sworn to manage the bank themselves.

Mr. UNTERMYER. Wherein did you find that the rules were in restraint of trade?

Mr. ARMSTRONG. By a consultation with our counsel.

Mr. UNTERMYER. No, no; by what act?

Mr. ARMSTRONG. What act?

Mr. UNTERMYER. Yes.

Mr. ARMSTRONG. An act of them saying to whom, when, and how we should pay interest on daily balances.

Mr. UNTERMYER. They prevented you from soliciting business, did they not? I mean from offering inducements?

Mr. ARMSTRONG. If we had followed out the rule, and such rules as they might form, we never would get a bank. They were all over 20 years of age. We were new ones; we had to get our business, and we got it along legitimate lines that are practiced in every city in the United States.

Mr. UNTERMYER. What are your deposits?

Mr. ARMSTRONG. Our deposits are in excess of three millions of dollars. They have increased 20 per cent since June 1, 1912, legitimately and regularly, in the additional business.

Mr. UNTERMYER. You have not been hurt by this, then, have you?

Mr. ARMSTRONG. Well, I do not know. Other national banks in the city of Salt Lake conduct their business for from $15,000 to $20,000 less, for the volume of business, than we do. We ought to

have an even show, under a Federal charter, with any other bank in Salt Lake City—if you will pardon me for making my argument.

Mr. UNTERMYER. Yes.

Mr. ARMSTRONG. And naturally we feel a little strongly on this subject.

Mr. UNTERMYER. Do I understand you, then, that you felt that this was an attempt to destroy your power to compete for business?

Mr. ARMSTRONG. We felt that it was simply trying to put us out of business, not to give us an opportunity to build up a business that we had a legitimate right, under our Federal charter, to, we being in that community, as long as we lived up to the laws of Congress with relation to national banks. We felt that we were entitled to run our own bank in our own way under the law.

Mr. UNTERMYER. Is there any particular interest there in Salt Lake City that dominates the situation?

Mr. ARMSTRONG. Yes.

Mr. UNTERMYER. What is it?

Mr. ARMSTRONG. W. S. McCornick.

Mr. UNTERMYER. In what way does he dominate the situation?

Mr. ARMSTRONG. Mr. McCornick is a very able and strong man. He has the leading bank in the city. He has been there for over 40 years. He is a very wealthy man.

Mr. UNTERMYER. Is he interested in some of the other banks?

Mr. ARMSTRONG. Yes, he is; the Utah Savings & Trust Co. he is president of. At the time of this trouble of June 1, 1910, he was president of the Utah National Bank. He was president of at least three out of nine banks.

Mr. UNTERMYER. Did you object to having the association determine for you whether you should give a customer a check book or be required to charge him for it?

Mr. ARMSTRONG. No; I can not say we ever objected to that. That was in the old rules. We lived up to the rules faithfully, in spirit and in letter, as far as we could. There have been sporadic cases where we have issued check books free. I am perfectly willing to admit that.

Mr. UNTERMYER. You mean secretly, in violation of the rule?

Mr. ARMSTRONG. No; I do not know that I did it very secretly.

Mr. UNTERMYER. Why should not a bank be allowed to determine for itself what policy it should pursue with its own customers? Do you know of any reason?

Mr. ARMSTRONG. Mr. Untermyer, that is why we are here; we want to know why.

Mr. UNTERMYER. There are many customers whom it would pay you to give check books and a great many other things to, are there not?

Mr. ARMSTRONG. Yes; it would. We have 5,000 customers, 2,500 checking and 3,500 savings accounts, and we want to build up a business, and we have not started yet, and we can not afford to be tied down by other men, operating a Federal bank and with a Federal charter.

Mr. UNTERMYER. Is there anything else?

Mr. ARMSTRONG. I would like to say just one thing to the committee to show the animus that has animated the banks of Salt Lake City.

Mr. UNTERMYER. These other gentlemen are here, and they have been subpœnaed?

Mr. ARMSTRONG. Yes.

Mr. UNTERMYER. That is, the committee has invited them to come here, and they are here.

Mr. ARMSTRONG. Yes.

Mr. UNTERMYER. I think the committee would like to hear what you have to say. The committee does not want to know anything about the animus. They want to know what the facts are.

Mr. ARMSTRONG. The secretary of the clearing house association said to me last fall, "We are going to make you sign the rules. It is eight to one, and a fight to a finish, and we are going to bring you to your knees." That is a fact.

Mr. UNTERMYER. Is that all, Mr. Armstrong?

Mr. ARMSTRONG. That is all I care to say.

Witness excused.

TESTIMONY OF WILLIAM S. McCORNICK.

The witness was sworn by the chairman.

Mr. UNTERMYER. What is your full name, please?

Mr. MCCORNICK. W. S. McCornick.

Mr. UNTERMYER. William S. McCornick?

Mr. MCCORNICK. William S.; yes, sir.

Mr. UNTERMYER. Where do you reside?

Mr. MCCORNICK. Salt Lake City.

Mr. UNTERMYER. What is your business?

Mr. MCCORNICK. Banking.

Mr. UNTERMYER. What is your firm or corporation?

Mr. MCCORNICK. McCornick & Co.

Mr. UNTERMYER. Is it a corporation?

Mr. MCCORNICK. It is.

Mr. UNTERMYER. It succeeded to a firm of the same name, did it not?

Mr. MCCORNICK. Yes.

Mr. UNTERMYER. That is, you turned the firm or the business over to a corporation of the same name as had been that of your firm previously?

Mr. MCCORNICK. Yes.

Mr. UNTERMYER. Are you interested in a number of banks in Salt Lake City?

Mr. MCCORNICK. I am interested in one.

Mr. UNTERMYER. Which is that?

Mr. MCCORNICK. The Utah Bank & Trust Co.

Mr. UNTERMYER. The Utah Savings & Trust Co.?

Mr. MCCORNICK. The Utah Savings & Trust Co.; yes, sir.

Mr. UNTERMYER. Are you not interested as a director in any of the other banks?

Mr. MCCORNICK. No, sir.

Mr. UNTERMYER. Are certain of your directors interested as directors in other Salt Lake banks?

Mr. MCCORNICK. There is one.

Mr. UNTERMYER. What?

Mr. MCCORNICK. I think but one.

Mr. UNTERMYER. Which of your directors are interested in other Salt Lake banks?

Mr. McCORNICK. Mr. D. C. Jacquelin. He is interested in the Utah State Bank.

Mr. UNTERMYER. Is he not also interested in the Salt Lake Security & Trust Co., as vice president?

Mr. McCORNICK. Yes; he is; come to think about it; yes; he is.

Mr. UNTERMYER. So that he is in three of the eight concerns, is he not?

Mr. McCORNICK. Yes. Well, that other bank is not counted among the eight—this trust company you spoke of. It is not a member of the clearing-house association.

Mr. UNTERMYER. Which is not a member of the clearing house?

Mr. McCORNICK. The Salt Lake Security Co.

Mr. UNTERMYER. You know the directors of the Copper Bank, do you not?

Mr. McCORNICK. I know all of them; yes, sir.

Mr. UNTERMYER. How many of them are codirectors with you in other institutions?

Mr. McCORNICK. I do not think of but three—two. Two is all I can think of now.

Mr. UNTERMYER. They are well-known men of responsibility, are they not?

Mr. McCORNICK. Yes, sir.

Mr. UNTERMYER. All reputable business men?

Mr. McCORNICK. Yes, sir.

Mr. UNTERMYER. The Copper Bank was a member of the old clearing-house association, was it not?

Mr. McCORNICK. It was; yes, sir.

Mr. UNTERMYER. When was the new association formed?

Mr. McCORNICK. I do not remember the date.

Mr. UNTERMYER. In 1912, was it not?

Mr. McCORNICK. I think so, but I do not remember the date.

Mr. UNTERMYER. Have you heard Mr. Armstrong's testimony here to-day?

Mr. McCORNICK. I heard the most of it. I could not hear all he said.

Mr. UNTERMYER. Has he correctly stated the controversy that resulted in the withdrawal of the other banks from the old clearing-house association and their formation of a new association?

Mr. McCORNICK. Practically so; yes, sir.

Mr. UNTERMYER. It was the result of the refusal of the Copper Bank to subscribe to these new regulations of the association, was it not?

Mr. McCORNICK. I do not understand. Will you not give me that again?

Mr. UNTERMYER. The formation of the new association was brought about by the refusal of the Copper Bank to subscribe to the regulations of the old association?

Mr. McCORNICK. Yes; that was the reason.

Mr. UNTERMYER. If the regulations of the old association were regulations that were enforceable, why did you not expel the Copper

Mr. McCORNICK. I think so, probably. The constitution will speak for what it was; I do not remember exactly.

Mr. UNTERMYER. Why should you interfere with the right of a bank to give a good customer a check book without requiring him to pay for it?

Mr. McCORNICK. The same requirement——

Mr. UNTERMYER. What?

Mr. McCORNICK. We had the same requirement with regard to all the other banks. We did not ask anything different from the Copper Bank.

Mr. UNTERMYER. But by what authority did you assume that you could direct and dictate the business of other banks as to what they should do in dealing with their customers?

Mr. McCORNICK. Well, we may have assumed the authority. I do not know what else.

Mr. UNTERMYER. You are not willing that the Copper Bank shall become a member of the clearing house association of Salt Lake City and give its customers such rate of interest on their checking accounts as they see fit, are you?

Mr. McCORNICK. We are not, surely.

Mr. UNTERMYER. You are not?

Mr. McCORNICK. They were offered to come in under the new association; we offered them the right to come in and join.

Mr. UNTERMYER. Do you not realize that they are at a great disadvantage, as a new bank, in competing with your bank which is 20 years old, unless they can offer their customers some inducement that you do not offer? You realize that, do you not?

Mr. McCORNICK. We were all new at one time. We had to take our chances when we started.

Mr. UNTERMYER. When you started you were not embarrassed by any such regulations, were you?

Mr. McCORNICK. There was no clearing house association at that time.

Mr. UNTERMYER. I say, you were not embarrassed by any such regulations when you started, were you?

Mr. McCORNICK. No; not at all.

Mr. UNTERMYER. Then I repeat my question; do you not realize that through your influence in Salt Lake City and through this association you were imposing a very serious handicap on a new bank if you did not allow it to offer better inducements than you were offering to your customers?

Mr. McCORNICK. If we had taken the same course it would have been a stand-off.

Mr. UNTERMYER. Did anybody object to your taking the same course?

Mr. McCORNICK. We objected ourselves to it.

Mr. UNTERMYER. You wanted to make as much money as you could?

Mr. McCORNICK. I think we made it, too.

Mr. UNTERMYER. Yes. And do you not realize that the result of such an arrangement is very detrimental to the customer if you destroy the right of the banks to compete between themselves for this business?

Mr. McCORNICK. Yes.

Mr. UNTERMYER. You do?

Mr. McCORNICK. Yes.

Mr. UNTERMYER. That is just what you were trying to do, is it not?

Mr. McCORNICK. No; we did not try to do it.

Mr. UNTERMYER. That was the purpose of your rule, was it not, to destroy the opportunity of the customer to have the banks compete between themselves for his business?

Mr. McCORNICK. He had the same opportunities that the rest of us had.

Mr. UNTERMYER. The purpose of your exacting that all of the banks should go into this rule was to destroy the ability of the customer to have one bank compete againt the other, was it not?

Mr. McCORNICK. It was to give him no privileges over ourselves; that was all.

Mr. UNTERMYER. Your rule did not apply to customers outside of Salt Lake City, did it?

Mr. McCORNICK. No.

Mr. UNTERMYER. Why was that? Why should you have one rule to prevent the Copper Bank from paying interest on deposits to a customer in Salt Lake City and another rule that did not prevent him from competing for business outside of Salt Lake City?

Mr. McCORNICK. They had the same right to compete outside as we had.

Mr. UNTERMYER. I know; but what was the reason for this discrimination?

Mr. McCORNICK. Between the country and the city?

Mr. UNTERMYER. Yes.

Mr. McCORNICK. The reason was because all over the country they have got little banks, and we had to give them some little difference.

Mr. UNTERMYER. In other words, if you were trying to get the business of a customer who was outside Salt Lake City you could give him interest on his checking account, could you not?

Mr. McCORNICK. No; I don't know that we could on a checking account.

Mr. UNTERMYER. Could you not under the rule?

Mr. McCORNICK. No.

Mr. UNTERMYER. You could give him more than 2½ per cent interest, could you not?

Mr. McCORNICK. No; the banks we did give 2½ per cent to.

Mr. UNTERMYER. What?

Mr. McCORNICK. We are now and were then paying 2½ per cent interest to all banks outside of the city.

Mr. UNTERMYER. We are not speaking of banks now. We are speaking of your customers outside of Salt Lake City.

Mr. McCORNICK. No; not for checking accounts.

Mr. UNTERMYER. What was the discrimination that you were making in favor of customers who were outside of Salt Lake City?

Mr. McCORNICK. We need not charge them any exchange.

Mr. UNTERMYER. What is that?

Mr. McCORNICK. I say that we need not charge them any exchange.

Mr. UNTERMYER. That was in order to compete with the outside banks, was it not?

Mr. McCORNICK. Yes.

Mr. UNTERMYER. Yes; what was the purpose of getting out of the old one and getting into a new one with the same constitution as the old one?

Mr. KNOX. They wanted to organize a new association.

Mr. UNTERMYER. What was the purpose?

Mr. KNOX. I do not know as I understand your question.

Mr. UNTERMYER. I think you do, Mr. Knox, do you not? Why did you gentlemen all want to get out of one association with a constitution of a certain kind and get right into another with the same kind of constitution?

Mr. KNOX. I do not think it is the same kind. There are some changes in it, perhaps.

Mr. UNTERMYER. Are there or are there not?

Mr. KNOX. I think they desired to make some changes in it.

Mr. UNTERMYER. It was not to get rid of the Copper Bank, was it?

Mr. KNOX. Perhaps that was a part of it.

Mr. UNTERMYER. How much of a "perhaps" is there about that?

Mr. KNOX. I do not know, sir.

Mr. UNTERMYER. Not very much of a "perhaps" is there?

Mr. KNOX. There was no intention of getting rid of them. They could join the new one if they wanted to.

Mr. UNTERMYER. Why did you not simply expel them from the old one if you thought you could enforce those regulations to which they objected?

Mr. KNOX. I do not know.

Mr. UNTERMYER. What?

Mr. KNOX. I do not know.

Mr. UNTERMYER. Do you know why the new one was organized, unless it was to get rid of them or to force them——

Mr. KNOX. No; they were invited to join the new one.

Mr. UNTERMYER. They were invited to join the new one if they would subscribe to the constitution containing the provision to which they objected, were they not?

Mr. KNOX. I did not know that they objected to it until they refused to sign—refused to join.

Mr. UNTERMYER. Had they not objected to it in the old association?

Mr. KNOX. Yes.

Mr. UNTERMYER. And they objected to it in the old association and refused to abide by it. You did not know that they would object to it in the new constitution?

Mr. KNOX. They did not object to the new constitution. They only objected to rule 10–B.

Mr. UNTERMYER. Rule 10–B.

Mr. KNOX. I do not know that that is in the constitution of the new association.

Mr. UNTERMYER. Do you not know that that is in the new one?

Mr. KNOX. I do not know.

Mr. UNTERMYER. Do you know whether it is or not?

Mr. KNOX. No, sir.

Mr. UNTERMYER. Was rule 10–B in the constitution of the old association?

Mr. KNOX. Rule 10–B in the constitution of the old association prohibited the soliciting of business by the offer of something

which had not been offered before, and was not supposed to have been given by banks, to induce a man to change his account and to do business with a certain bank by paying something for a certain account, by giving him check books, or giving him some privilege that had not been given him.

Mr. UNTERMYER. You are in the new association?

Mr. KNOX. Yes, sir.

Mr. UNTERMYER. And you do not know whether that is a part of the constitution of the new association?

Mr. KNOX. I think it is.

Mr. UNTERMYER. You think it is?

Mr. KNOX. But I have not read it. I do not recall whether it is or not. I have been away a good deal, and I do not just recall what is in the new one.

Mr. UNTERMYER. And you do not know why you changed over from one association to the other?

Mr. KNOX. We had to change. They dissolved the old one.

Mr. UNTERMYER. You do not know why they dissolved the old one?

Mr. KNOX. They just voted to dissolve. They wanted to organize a new association; that was my understanding of it.

Mr. UNTERMYER. And you do not know why? [After a pause.] Will you answer?

Mr. KNOX. I never thought there was any particular reason for dissolving it. I was not in favor of it.

Mr. UNTERMYER. That is all you care to say on that subject, is it?

Mr. KNOX. As much as I care to say on it.

Mr. UNTERMYER. Do you know Park City?

Mr. KNOX. Yes.

Mr. UNTERMYER. Do you know the First National Bank of Park City?

Mr. KNOX. Yes.

Mr. UNTERMYER. How far is that from Salt Lake City?

Mr. KNOX. About 30 miles.

Mr. UNTERMYER. And it has a population of about 2,000 people?

Mr. KNOX. I do not know, indeed.

Mr. UNTERMYER. What?

Mr. KNOX. I do not know, sir.

Mr. UNTERMYER. Do you know Mr. J. C. Lynch?

Mr. KNOX. Yes.

Mr. UNTERMYER. Is he the vice president of the same bank of which you are president?

Mr. KNOX. He is now; yes, sir.

Mr. UNTERMYER. Did you and he together go to Park City on the 22d of November, 1912?

Mr. KNOX. We went there. I do not remember the date. It was about that time.

Mr. UNTERMYER. In November, 1912?

Mr. KNOX. I think so.

Mr. UNTERMYER. Did you take some checks with you?

Mr. KNOX. Yes.

Mr. UNTERMYER. Did they amount to about $31,000?

Mr. KNOX. Yes, sir.

Mr. UNTERMYER. And you went up for the purpose of presenting those checks at the counter of this little bank in Park City?

Mr. KNOX. That was a part of our business.

Mr. UNTERMYER. I say, that is the reason you went up there. You say it did not create any flurry in the town. Did you expect that they would have the currency on hand to pay you?

Mr. KNOX. Certainly.

Mr. UNTERMYER. You did? You thought they would have the currency on hand?

Mr. KNOX. Yes, sir.

Mr. UNTERMYER. What was the capital of the Park City Bank?

Mr. KNOX. $50,000.

Mr. UNTERMYER. $50.000, and you were drawing $31,000 in cash, were you not?

Mr. KNOX. Yes, sir.

Mr. UNTERMYER. You thought they would have that money ready for you?

Mr. KNOX. Yes, sir; I expected they would.

Mr. UNTERMYER. I believe that is all, unless there is something else you would like to say.

Mr. KNOX. I do not think of anything just now. I would like to make an explanation regarding the matter of interest.

Mr. UNTERMYER. Regarding what?

Mr. KNOX. The payment of interest on money in Salt Lake City.

Mr. UNTERMYER. Yes; we are not——

Mr. KNOX. If I may.

Mr. UNTERMYER. Very well; if you like.

Mr. KNOX. There is no desire to prohibit the payment of interest on money there; it is only the manner in which it shall be paid on deposits. Everybody can have a certificate of deposit there and get interest on it. It was only to preclude the payment of interest on checking accounts, which had never been the custom there.

Mr. UNTERMYER. It has never been the custom there?

Mr. KNOX. We have to carry reserves of 40 per cent in our deposits at all times, and we feel that we must have these interest-bearing deposits on time so that we may have proper notice of their withdrawal. We could not expect to pay interest on deposits and have them subject to call. You made a statement, or asked Mr. McCornick the question, whether the increased rate of interest did not recompense us for the payment of interest on deposits. You said other banks paid interest in other cities—nearly every large city. I do not know anything about that. But they have got large deposits. There is no bank in Salt Lake City which has $150,000,000 or $100,000,000 of deposits, or $50,000,000 of deposits. We only have a small amount of money there, scarcely enough to carry on the business, and it is impossible for us to carry on business on the same lines as they do in New York or other large cities where they have an immense amount of money on deposit, and loan it on call. There is no prohibition placed on Mr. Armstrong, and he can have just the same terms as we have.

Another thing; he says that his is a new bank. I started my bank there. They had a clearing house——

Mr. UNTERMYER. When was your bank started?

Mr. KNOX. In 1890.

Mr. UNTERMYER. And he was talking about a bank started in 1910, 20 years after yours was started.

Mr. KNOX. Yes.

Mr. UNTERMYER. Did you mean to have us understand that your bank was recently started?

Mr. KNOX. No, sir; I mean to say there was a clearing house there, and there had been other banks there in business from 20 to 30 years. I had to join the clearing house and I had to start up against those other banks, and Mr. McCornick, and I had banks there older than I was. I submitted to the clearing house rules, and it was not any handicap to me.

Mr. UNTERMYER. Now, let us see if we can get through with these things.

Mr. KNOX. All right.

Mr. UNTERMYER. Do you gentlemen understand that you have the right to prescribe what Mr. Armstrong and his associates do with their customers in dealings of that sort?

Mr. KNOX. Nor, sir; I do not.

Mr. UNTERMYER. Do you understand that you have the right to say that the Copper Bank shall not be a member of your association unless it shall not pay interest on checking accounts?

Mr. KNOX. I understand——

Mr. UNTERMYER. No; answer my question.

Mr. KNOX. If you please, I understand it that way; yes.

Mr. UNTERMYER. You do?

Mr. KNOX. Yes; they can not be a member unless they conform to the rules of the clearing house.

Mr. UNTERMYER. Yes; but suppose you chose to inaugurate a rule that you would charge 12 per cent on all the moneys borrowed from the bank; do you think you could put out another bank if they would not charge 12 per cent to their customers?

Mr. KNOX. No, sir.

Mr. UNTERMYER. What is the difference in principle between such a rule and the rule you sought to enforce upon the Copper Bank—that they must not allow a customer interest on a checking account?

Mr. KNOX. The greatest kind of a difference.

Mr. UNTERMYER. What?

Mr. KNOX. The supply and demand governs the price of money just as it does of any other commodity. Sometimes we have to charge more for money; we do not have any for loans.

Mr. UNTERMYER. If the supply and demand regulates the price of money, and the Copper Bank believes it will pay them to pay two and a half per cent interest on checking accounts, why should you interfere with them?

Mr. KNOX. We did not interfere with them?

Mr. UNTERMYER. Why should you interfere with that by expelling a member who would not conform to your rule?

Mr. KNOX. We did not expel them.

Mr. UNTERMYER. Why should you interfere with it by all of you pulling out of the association and leaving him alone?

Mr. KNOX. Because the Copper Bank desired to be a member of the clearing house association and still do as it pleased, and to be an outlaw and solicit business from customers of the other banks by paying a high rate of interest, which they knew the other banks were not paying, and they could have taken money on time deposits and paid interest—time deposits of six months—as the other banks did.

Mr. UNTERMYER. But the rate is uniform, is it not, in the association?

Mr. KNOX. I do not know. People come in to me and say that they can borrow money cheaper at McCornick's bank, or at some other bank, and if I do not want to meet the rate I tell them to go there and get it.

Mr. UNTERMYER. The general rate is 8 per cent?

Mr. KNOX. Yes; for small loans. For desirable loans it is about 6 per cent.

Mr. UNTERMYER. That is all.

Witness excused.

TESTIMONY OF MR. CHARLES S. BURTON.

The witness was sworn by the chairman.

Mr. UNTERMYER. What is your business, Mr. Burton?

Mr. BURTON. Banking.

Mr. UNTERMYER. At Salt Lake City?

Mr. BURTON. Yes, sir.

Mr. UNTERMYER. Are you president of a bank there?

Mr. BURTON. I am vice president of the Utah State National Bank.

Mr. UNTERMYER. Are you president of the clearing house association in Salt Lake City?

Mr. BURTON. No, sir; I am the secretary of the association.

Mr. UNTERMYER. Have you brought with you the minutes of the proceedings of your association—the old and the new?

Mr. BURTON. I have.

Mr. UNTERMYER. Before going into that, will you tell me whether or not you know Mr. Armstrong, president of the National Copper Bank?

Mr. BURTON. Yes, sir; I do.

Mr. UNTERMYER. You are familiar with this controversy over the clearing house association, are you not?

Mr. BURTON. Very; yes, sir.

Mr. UNTERMYER. Do you remember meeting Mr. Armstrong about three months ago at the Alter Club, Salt Lake City?

Mr. BURTON. I have frequently met him there. I do not remember any particular meeting.

Mr. UNTERMYER. Do you remember an occasion on which you said to him, in substance, that this was going to be a fight of eight against one, and that you were going to force him to sign these regulations?

Mr. BURTON. I recall that something was said in jollying, and I said it was a fight of eight to one. Then he said, "I will beat you, one by one," and I said, "All right."

Mr. UNTERMYER. Did you say you were going to force him to sign?

Mr. BURTON. No, sir; never.

Mr. UNTERMYER. You said you were going to beat him?

Mr. BURTON. Yes; and he said he would beat us, one by one.

Mr. UNTERMYER. That was not a joke, was it?

Mr. BURTON. Yes, sir.

Mr. UNTERMYER. It was a joke?

Mr. BURTON. Yes.

Mr. UNTERMYER. So that you were not trying to force him to sign?

Mr. BURTON. Not at all.

Mr. UNTERMYER. But you are trying to deprive him of the privileges of the association unless he does so?

Mr. BURTON. Naturally if he does not belong to an association he can not enjoy its privileges.

Mr. UNTERMYER. The point is here: Do you exact as a condition of his belonging to the association that he shall agree not to allow any interest to customers on checking accounts?

Mr. BURTON. Except he submit the matter to the executive committee, as explained in the rules.

Mr. UNTERMYER. Who constitutes the executive committee?

Mr. BURTON. Mr. Farnsworth, Mr. Knox, Mr. McCornick, former Gov. Cutler, and myself.

Mr. UNTERMYER. Mr. McCornick has been a member of that executive committee for over 20 years, has he not?

Mr. BURTON. I do not think he has.

Mr. UNTERMYER. He has been for how many years?

Mr. BURTON. For a long time. It may have been continuous. I do not know that.

Mr. UNTERMYER. About how long?

Mr. BURTON. I guess it is about as long as the association has been there.

Mr. UNTERMYER. That is about 22 years, is it not?

Mr. BURTON. I do not recall when the association was first organized.

Mr. UNTERMYER. And these other men have been for a long time on that committee. It has not changed for many years, has it?

Mr. BURTON. Not much. Of course, other bankers have gone out of business and have died, and younger men, like myself, have come in.

Mr. UNTERMYER. But, in the meantime, the banks that had checking accounts on which they were paying interest were allowed to continue to pay interest on those accounts, were they not?

Mr. BURTON. Yes.

Mr. UNTERMYER. That put a new bank at a great disadvantage, did it not?

Br. BURTON. It put it at some disadvantage. If you will let me explain to the committee.

Mr. UNTERMYER. Certainly.

Mr. BURTON. Mr. Armstrong said "When I have been in business as long as you have I will come in and join the association and subscribe to it and be as good as you are." We said, "We will show you the accounts on which we are paying interest." He said, "All right." But presently he backed down, and did not want to show.

Mr. UNTERMYER. He did not want what?

Mr. BURTON. He did not want to show the accounts that he was paying interest on. I was not paying interest on over half a dozen accounts, and I am not to-day.

Mr. UNTERMYER. You say Mr. Armstrong did not want to expose to you the accounts on which he was paying interest?

Mr. BURTON. At first he said he would, but it was a bluff.

Mr. UNTERMYER. I see. It was a bluff, because he was playing against eight of you?

Mr. BURTON. Apparently. I do not know what it was. He did not want to show his hand.

Mr. UNTERMYER. Inasmuch as there were eight old concerns against one new one you were not surprised at that, were you?

Mr. BURTON. Certainly. When we had been in business 20 years, and were willing to show our accounts, he should have been willing to show his.

Mr. UNTERMYER. Do you feel, Mr. Burton, that you gentlemen have a right to get into a combination of this kind and regulate the business of every member?

Mr. BURTON. To the extent that is defined by that rule, I thought we had. We may be mistaken.

Mr. UNTERMYER. You do an interstate business, do you not; all of you?

Mr. BURTON. Yes; we have business outside of Utah, of course.

Mr. UNTERMYER. Of course. You collect checks throughout the country?

Mr. BURTON. Yes.

Mr. UNTERMYER. Have you got a uniform rate of commission collection charge?

Mr. BURTON. Yes; to which Mr. Armstrong was glad to subscribe.

Mr. UNTERMYER. I say, you have a uniform rate?

Mr. BURTON. Yes.

Mr. UNTERMYER. Whether he was glad to subscribe or not, he could not enjoy the privileges of the association without doing so, could he?

Mr. BURTON. He did get into the association, and he did subscribe to it.

Mr. UNTERMYER. I say, he could not have gotten in without doing so?

Mr. BURTON. No.

Mr. UNTERMYER. That is the the respect in which he was glad to do it, is it not? What is your commission charge on collecting out-of-town checks, as prescribed by the association? Is it a graded charge?

Mr. BURTON. It is a graded charge; yes. It is usually about one-tenth of 1 per cent to noncorrespondents. With those banks who do business with us we make no charge.

Mr. UNTERMYER. Why do you not let every bank have its own dealings with its customers and make its own arrangements with its customers, whether they charge them anything or not?

Mr. BURTON. He may, if he does not belong to the association.

Mr. UNTERMYER. I say, why does not the association allow the individual banks to make their own arrangements with their customers for collecting out-of-town checks?

Mr. BURTON. I presume it is a selfish motive. We want to make a little money.

Mr. UNTERMYER. You want to make a little more, and always a little more. Is that it?

Mr. BURTON. Let me explain this point. When we adopted, first, our articles of association, we copied after Omaha, Denver, Tacoma, Seattle, San Francisco, and Los Angeles, and our rules and regulations followed in a general way all of theirs.

Mr. UNTERMYER. You have gone far ahead of them, however, have you not?

Mr. BURTON. Maybe we have, in this one respect, as to interest.

Mr. UNTERMYER. Do you not know, Mr. Burton, that none of these cities, and no other city in the United States, has any regulation that requires its members not to pay interest on checking accounts?

Mr. BURTON. I do not know that.

Mr. UNTERMYER. Do you know whether it has or not? Do you know of anyone that has?

Mr. BURTON. No, sir; I do not.

Mr. UNTERMYER. Then you are a sort of a pioneer on that subject?

Mr. BURTON. We are a pioneer in many ways.

Mr. UNTERMYER. Some accounts are very much better than others, are they not, Mr. Burton?

Mr. BURTON. Yes.

Mr. UNTERMYER. You know that the bank could well afford to pay interest on one kind of checking accounts?

Mr. BURTON. Yes, sir.

Mr. UNTERMYER. And could not afford to pay on another?

Mr. BURTON. Yes, sir.

Mr. UNTERMYER. You know, do you not, Mr. Burton, that there are some checking accounts that would be more valuable than other time accounts?

Mr. BURTON. Yes, sir.

Mr. UNTERMYER. And yet you allow the banks freedom as to charging interest on time accounts?

Mr. BURTON. Yes.

Mr. UNTERMYER. And you do not allow it as to checking accounts?

Mr. BURTON. No, sir; we believe it is ruinous.

Mr. UNTERMYER. What do you mean by "ruinous"?

Mr. BURTON. I mean we can not make very much money. If we open the door once and pay John, then we have to pay Dick and we have to pay Harry, and everybody.

Mr. UNTERMYER. Let us see about that. Up to 1912 you had no such regulation, had you?

Mr. BURTON. No, sir; we did not need it.

Mr. UNTERMYER. I said you had none until then?

Mr. BURTON. No, sir.

Mr. UNTERMYER. And no other city in the country ever had one of that kind, so far as you know?

Mr. BURTON. No, sir.

Mr. UNTERMYER. Do you know of any banks that have been ruined by it?

Mr. BURTON. No, sir; but I know some whose undivided profits are very small.

Mr. UNTERMYER. You know the profits of the other banks?

Mr. BURTON. Only what they tell me.

Mr. UNTERMYER. What you mean by its being ruinous, then, is that you could not make as much money without the rule as with it?

Mr. BURTON. Yes.

Mr. UNTERMYER. That is all there is to it, is it not?

Mr. BURTON. That is about it.

Mr. UNTERMYER. And if you should inaugurate a rule to-morrow not to allow any interest on time deposits, you would make still more money, would you not?

Mr. BURTON. Yes.

Mr. UNTERMYER. Do you favor that, too?

Mr. BURTON. No, sir.

Mr. UNTERMYER. That is all, Mr. Burton, unless there is something you would like to say.

Mr. BURTON. I would like to say, in regard to one point that was raised by you, this: You asked the question whether or not there was a uniform rate of discount. I believe, however, that was answered by the other banker.

Mr. UNTERMYER. He said there was not.

Mr. BURTON. That question has never entered into the banking situation.

Mr. UNTERMYER. Why is it not just as reasonable for your association to pass a rule to-morrow fixing a uniform discount rate, as to pass a rule now refusing and preventing your members from allowing interest on checking accounts?

Mr. BURTON. Probably it would be as reasonable. We have not done it, though.

Mr. UNTERMYER. The logic is the same?

Mr. BURTON. Practically.

Mr. UNTERMYER. Is there any limit to which you could go on that view of your rights?

Mr. BURTON. I presume not.

Mr. UNTERMYER. That is all.

Witness excused.

TESTIMONY OF L. H. FARNSWORTH.

The witness was sworn by the chairman.

Mr. UNTERMYER. You are a banker in Salt Lake City?

Mr. FARNSWORTH. Yes, sir.

Mr. UNTERMYER. Are you the president of the Salt Lake City Clearing House Association?

Mr. FARNSWORTH. I am.

Mr. UNTERMYER. Have you heard Mr. Burton's testimony this afternoon?

Mr. FARNSWORTH. Yes, sir.

Mr. UNTERMYER. And do you subscribe to the reasons that he has given for this controversy between the National Copper Bank and the other banks in Salt Lake City?

Mr. FARNSWORTH. Not entirely; but almost.

Mr. UNTERMYER. Has he substantially stated your views of the facts?

Mr. FARNSWORTH. Yes, sir.

Mr. UNTERMYER. In what respect do you differ from him?

Mr. FARNSWORTH. To my mind, as a matter of sound banking, and especially in our section, I do not think it a wise rule to pay interest generally on checking accounts. I think it is rather unwise in that the banks out in our section need very heavy reserves. We have no opportunities of lending money upon demand, and as a principle I think it is unsound.

Mr. UNTERMYER. The National Copper Bank is considered a safe, sound bank, is it not?

Mr. FARNSWORTH. Yes. sir.

Mr. UNTERMYER. Well managed?

Mr. FARNSWORTH. Yes, sir.

Mr. UNTERMYER. The banks of Salt Lake City prior to the promulgation of this rule had been paying interest on checking accounts, had they not?

Mr. FARNSWORTH. As I understand it, we have always had this rule, though it has not been printed in the by-laws.

Mr. UNTERMYER. Do you not know, Mr. Farnsworth, that there was no such rule until it was presented in 1910 and gave rise to the protest?

Mr. FARNSWORTH. There was no printed rule, but there was a general understanding among the bankers not to pay interest.

Mr. UNTERMYER. But there were checking accounts that were drawing interest in some banks, were there not? Every bank had some, did it not?

Mr. FARNSWORTH. There were some checking accounts, yes; but not generally.

Mr. UNTERMYER. Did you not have some?

Mr. FARNSWORTH. I do not think we did, unless it might be railroad accounts.

Mr. UNTERMYER. What is the difference between a railroad account and some other account?

Mr. FARNSWORTH. None, except that those funds might be deposited in other cities.

Mr. UNTERMYER. Where you had to compete with other cities you paid interest; is that right?

Mr. FARNSWORTH. In some cases; yes, sir.

Mr. UNTERMYER. And where you did not have other cities to compete with you thought yourselves at liberty to get together and prevent the banks from paying interest?

Mr. FARNSWORTH. I believe that rule, or that principle, is followed in many sections, if I am not mistaken. I understood you to ask the question or make the suggestion that Salt Lake City was the pioneer in this rule. Is that correct?

Mr. UNTERMYER. Yes. Do you know of any city in the United States in which the clearing-house association promulgates a rule which it enforces on every member that it can not pay interest on certain accounts?

Mr. FARNSWORTH. I do not know, but I have understood——

Mr. UNTERMYER. I asked you if you know.

Mr. FARNSWORTH. I do not know of my own knowledge, but I understood that our rules——

Mr. UNTERMYER (interposing). I will say to you that we have not come across any.

Do you agree that there is no more reason or logic to support such a rule than if you were to promulgate a rule fixing a uniform rate of discount?

Mr. FARNSWORTH. There is a little difference.

Mr. UNTERMYER. What is the difference?

Mr. FARNSWORTH. There is this difference: That in regulating the interest or charge for borrowed money—in fixing the interest rate—it depends upon conditions.

Mr. UNTERMYER. Do you not think that in determining whether you will allow interest on checking accounts it depends upon conditions, too?

Mr. FARNSWORTH. It does, I suppose, to some extent.
Mr. UNTERMYER. Does it or not?
Mr. FARNSWORTH. Yes.
Mr. UNTERMYER. There is no difference in principle between the two?
Mr. FARNSWORTH. I think so. I do not know just how to explain myself.
Mr. UNTERMYER. I would like to have you point it out.
Mr. FARNSWORTH. Your question is, then, that there is no difference between not paying interest on balances and in fixing the rate of interest.
Mr. UNTERMYER. No. My question is this: Do you see any difference between the clearing-house association saying to its members, "You shall not pay interest on checking accounts" and the clearing-house association saying to its members, "You shall charge a fixed rate of interest on money you lend"?
Mr. FARNSWORTH. I guess there is very little difference.
Mr. UNTERMYER. There is not any difference, is there?
Mr. FARNSWORTH. Perhaps not.
Mr. UNTERMYER. As to the personnel of the board of directors of the National Copper Bank—you know the men, do you not?
Mr. FARNSWORTH. Yes.
Mr. UNTERMYER. Are they all high-class men?
Mr. FARNSWORTH. Yes; they are a very high grade of men.
Mr. UNTERMYER. And it is a dignified, well-conducted bank?
Mr. FARNSWORTH. Yes, sir.
Mr. UNTERMYER. That is all.

Witness excused.

TESTIMONY OF MR. GEORGE HENRY.

The witness was sworn by the chairman.
Mr. UNTERMYER. Where do you reside?
Mr. HENRY. I live at Morristown, N. J.
Mr. UNTERMYER. Where is your place of business?
Mr. HENRY. 25 Broad Street, New York City.
Mr. UNTERMYER. What is your business?
Mr. HENRY. I am a banker.
Mr. UNTERMYER. Of what firm are you a member?
Mr. HENRY. William Saloman & Co.
Mr. UNTERMYER. You are a partner in that firm?
Mr. HENRY. Yes, sir.
Mr. UNTERMYER. How long have you been engaged in the banking business in New York?
Mr. HENRY. I have been in the business ever since I came out of college, which was about 12 years ago.
Mr. UNTERMYER. Are you a member of the New York Stock Exchange?
Mr. HENRY. No, sir.
Mr. UNTERMYER. Is any member of your firm a member of the exchange?
Mr. HENRY. Yes; one of my partners.
Mr. UNTERMYER. Which one of your partners?
Mr. HENRY. Mr. Stewart Waller.

Mr. UNTERMYER. Was your firm concerned in the promotion and flotation of the California Petroleum Co.?

Mr. HENRY. I would not say we were engaged in its promotion. We bought some stocks from the men who did promote it.

Mr. UNTERMYER. Did you buy stocks in conjunction with Lewisohn Bros. and Hallgarten & Co. incident to the organization of the company? Was it not all practically one transaction?

Mr. HENRY. It was practically all one transaction; yes, sir.

Mr. UNTERMYER. It amounted, in effect, to a promotion, did it not?

Mr. HENRY. I should not think so.

Mr. UNTERMYER. Well, let us see what happened. There was a company organized——

Mr. HENRY. Just a moment, Mr. Untermyer. We did not buy these stocks in conjunction with them. They bought them in conjunction with us.

Mr. UNTERMYER. Oh. They bought them in conjunction with you, but you did not buy them in conjunction with them. I see.

Mr. HENRY. It was our business.

Mr. UNTERMYER. Well, having passed that bridge——

Mr. HENRY (continuing). It was not their business.

Mr. UNTERMYER. Let us see what happened. There was a company organized, was there not?

Mr. HENRY. Yes, sir.

Mr. UNTERMYER. At what time?

Mr. HENRY. I shall have to refer to the dates.

Mr. UNTERMYER. It was in September, 1912, was it not?

Mr. HENRY. I do not believe I have the date of the incorporation here. It was in the latter part of September.

Mr. UNTERMYER. In the latter part of September, 1912?

Mr. HENRY. Yes.

Mr. UNTERMYER. Under the laws of what State?

Mr. HENRY. Virginia.

Mr. UNTERMYER. It was a corporation organized under the Virginia law to carry on business in California?

Mr. HENRY. No. It was to hold the stocks of two California companies.

Mr. UNTERMYER. Who organized that company? It was organized through what counsel?

Mr. HENRY. It was done by Messrs. Kellogg, Emory, Boston & Cuthell, who were counsel for Doheny & Canfield.

Mr. UNTERMYER. Who represented you?

Mr. HENRY (continuing). Their local counsel in Virginia was Mr. Williams's firm. I have forgotten the name of it; the firm of Mr. Randolph Williams.

Mr. UNTERMYER. Was your firm at all represented in the organization of the company?

Mr. HENRY. As to all the part of it with which we had anything to do, our counsel were Cravath, Henderson & de Gersdorff.

Mr. UNTERMYER. There were several counsel for the interests in the company, who looked after the organization of the company?

Mr. HENRY. That is right, sir.

Mr. UNTERMYER. And you were represented in its organization through your counsel?

Mr. HENRY. In so far as its organization affected us, we were.

Mr. UNTERMYER. You were acquiring the stock as an incident to this incorporation or organization?

Mr. HENRY. That is the way it worked out.

Mr. UNTERMYER. Yes. So that you did have something to do with the promotion of the company?

Mr. HENRY. Not directly.

Mr. UNTERMYER. Well, let us see about that. What was the capital of this company?

Mr. HENRY. It was organized with an authorized amount of $15,000,000 preferred and $17,500,000 of common stock.

Mr. UNTERMYER. How much of it was issued in conjunction with this negotiation to which you were a party?

Mr. HENRY. I do not know whether my papers will show me that or not. I can tell you how much we bought.

Mr. UNTERMYER. No, no. Just recognize the distinction, please, between the two propositions, Mr. Henry, if you will.

The question is: How much was issued to the vendors and how much was left in the treasury, if anything was left?

Mr. HENRY. At the time of the original issue, there was an issue to Doheny & Canfield of $11,997,024 preferred stock and $13,513,081 of common stock.

Mr. UNTERMYER. Of which you and your associates undertook to purchase how much?

Mr. HENRY. We purchased $10,000,000 of preferred stock and $7,572,845 of common stock.

Mr. UNTERMYER. That entire transaction was conducted and arranged at one time, was it not? That is, that the company should be organized, that its capital should be fixed at a given amount, and that you and your associates should acquire a given part of it?

Mr. HENRY. It was all a part of the same deal.

Mr. UNTERMYER. It was all a part of the same transaction?

Mr. HENRY. Certainly.

Mr. UNTERMYER. And, that being so, I understand you to say you had nothing to do with the promotion or organization of the company?

Mr. HENRY. We had nothing to do directly with it. I think there is a very important distinction there, Mr. Untermyer. We had nothing whatever to do with the promotion of the company. We bought stock from two men. We are not promoters.

Mr. UNTERMYER. I understand, Mr. Henry, your hesitation at the suggestion that you are promoters.

Mr. HENRY. Not necessarily.

Mr. UNTERMYER. The question is not what you think you were, but what you did; and the contract would show that, would it not?

Mr. HENRY. I think so.

Mr. UNTERMYER. Have you got the contract here between Doheny & Canfield on the one part and your firm on the other?

Mr. HENRY. I have.

Mr. UNTERMYER. Please produce it.

The paper referred to was produced by the witness, and thereupon marked "Exhibit No. 149. January 6, 1913."

Mr. UNTERMYER. This contract is between Doheny & Canfield and William Salomon & Co., dated the 16th of September, 1912.

You do not consider, Mr. Henry, that under the terms of that contract you and Doheny & Canfield together promoted the organization of this company in connection with the purchase by your firm of part of the securities of the company provided to be organized?

Mr. HENRY. I do not know just what you are trying to get at, Mr. Untermyer. What do you want me to admit?

Mr. UNTERMYER. I do not want you to. I want you to answer the question.

Mr. HENRY. The facts were these: Doheny & Canfield had two properties out in California, held by two different companies, which they wanted to put together, and which they did put together; and after they had put those two properties together, alhough it was all done at the same time, we purchased some of the preferred stock and some of the common stock of the new company from them.

Mr. UNTERMYER. Is it not a fact that it was not after they had put them together, but a part of the deal by which they put them together, that you were to buy the stock?

Mr. HENRY. Certainly.

Mr. UNTERMYER. And that you do not call being interested in the promotion?

Mr. HENRY. I should not say that we were not interested in the promotion. I do not say that. I said we were not directly promoters in it.

Mr. UNTERMYER. Were you not joint promoters with them?

Mr. HENRY. I should not say so. I think we were interested in the promotion.

Mr. UNTERMYER. I read from this Exhibit No. 149. This is from Doheny & Canfield [reading]:

SEPTEMBER 16, 1912.

Messrs. WILLIAM SALOMON & Co.,
New York City.

GENTLEMEN: We hereby offer to sell and deliver to you for the sum of $8,215,662 in cash, $10,000,000 par value of the preferred stock, and $7,572,845 per value of the common stock of the California Petroleum Corporation, a corporation to be organized under the laws of the State of Virginia, to which we shall make an offer in form and terms hereto annexed.

Have you the offer?

Mr. HENRY. I have.

Mr. UNTERMYER. Let me have it.

The paper referred to was handed to counsel for the committee.

Mr. UNTERMYER (continuing reading):

Delivery of temporary voting trust certificates for the common stock and temporary stock certificates in negotiable form shall be made at your office in the city of New York. The first payment shall be at least $4,000,000, and shall be made as soon as the corporation is organized and the stock issued to us, which shall not be later than October 15, 1912, and the balance of the purchase price shall be paid from time to time thereafter at your convenience, provided that not less than $2,000,000 thereof shall be paid within 30 days after the first payment, and the entire balance within 60 days after such first payment. Each payment after the first shall be made with interest thereon from the date of the first payment at 6 per cent per annum. The amounts of stock of each class delivered at the time of each such payment shall be substantially in proportion to the principal of such payment.

The common stock delivered to you is to be represented by voting trust certificates in form and terms satisfactory to you; the voting trustees to be E. L. Doheny, C. A. Canfield, and G. G. Henry—

Is that you?

Mr. HENRY. Yes, sir.

Mr. UNTERMYER (continuing reading):

with the right to each of the former to nominate the successor of the other and the right to William Salomon & Co. to nominate the successor of Henry; the voting trust to continue for five years.

For the preferred and common stocks issued to us and not sold to you we are to accept scrip of the company and the voting trustees, respectively, exchangeable on or after October 1, 1913, but not before that date without your consent, for such stock and voting trust certificates.

Provision shall be made in the charter or by-laws of the California Petroleum Corporation, or in such other manner as your counsel may approve, to the effect that the corporation shall have a finance committee of its board, and that all its financial affairs shall be in the hands of such finance committee, and that such finance committee shall have the power to approve any action of the board relating to financial affairs before the same shall become effective. Such committee shall have a membership of three, two of whom are to be nominated by you and one by us.

That is, Salomon & Co. were to have two out of the three members of the finance committee?

Mr. HENRY. That is right.

Mr. UNTERMYER. And yet you do not think you were a party to the promotion? And you were to be one of the voting trustees for the stock?

Mr. HENRY. I was.

Mr. UNTERMYER. Do you not think you would like to change your mind about that, Mr. Henry?

Mr. HENRY. I have never said that we did not have anything to do with the promotion. I said we were not directly concerned about it; and I still do not think we were.

Mr. UNTERMYER. Do you not think you were very directly concerned, under this agreement?

Mr. HENRY. No, sir; I do not—not directly.

Mr. UNTERMYER. All right. [Continuing reading:]

This arrangement as to membership shall only continue so long as any of the preferred stock shall remain outstanding, but not longer than the continuance of the voting trust.

The undersigned will serve as directors and officers of the California Petroleum Corporation for three years from its organization, and will give its affairs such consideration and attention as its best interests may require.

All matters of a legal character, including approval of titles, shall be subject to apprpval of your counsel.

That is, Salomon & Co.'s counsel?

Mr. HENRY. Yes.

Mr. UNTERMYER. All right. [Continuing reading:]

The preferred stock of the California Petroleum Corporation, and provisions for its protection, are described in schedules A and B annexed.

Kindly indicate your acceptance of this offer within 10 days from date, during which time we agree that it shall remain open in order that you may endeavor to form a syndicate.

Very truly, yours,

E. L. DOHENY.
C. A. CANFIELD.

Have you the acceptance?

Mr. HENRY. I do not think I have that with me. It was very brief. It was just an acknowledgment of their letter.

Mr. UNTERMYER. You were subpœnaed to produce that, were you not?

Mr. HENRY. I do not know that I was. I may say, Mr. Untermyer, that I prepared these papers about two weeks ago, when I came down here first.

Mr. UNTERMYER. I call your attention, in connection with your statement that you did not know whether you were asked to produce the acceptance, to the third and fourth paragraphs of your subpœna?

Mr. HENRY. I have it now.

Mr. UNTERMYER. You find that you were asked to produce it, do you not?

Mr. HENRY. If you tell me I was, I was.

Mr. UNTERMYER. Is this the acceptance [referring to paper]?

Mr. HENRY. That is the letter—the acknowledgment of that one of theirs.

Mr. UNTERMYER. This is not the acceptance.

Mr. HENRY. Here is the rest of it [handing papers to counsel].

Mr. UNTERMYER. Yes. We will offer these as exhibits.

The papers referred to were thereupon marked, respectively, Exhibits Nos. 150 and 151.

Mr. UNTERMYER. Will you be good enough, Mr. Henry, to produce the various schedules that are referred to in the original offer?

The witness produced the papers, which were thereupon offered in evidence and marked Exhibits Nos. 152 and 153.

Mr. UNTERMYER. Does that complete it?

Mr. HENRY. Yes.

Mr. UNTERMYER. These are the documents referred to in Exhibit No. 149.

The exhibits last referred to will be found at the end of to-day's proceedings.

The CHAIRMAN. The usual hour of adjournment having arrived, we will suspend until to-morrow morning at 11 o'clock.

Whereupon, at 4.10 o'clock p. m., an adjournment was taken until to-morrow, January 7, 1913, at 11 o'clock a. m.

EXHIBIT No. 148, JANUARY 6, 1913.

(Exhibit A.)

CONSTITUTION OF THE SALT LAKE CLEARING HOUSE ASSOCIATION.

The undersigned banking institutions and banking houses in Salt Lake City, Utah, hereinafter designated either as banks or as members, for the purpose of effecting a more perfect and satisfactory settlement of the daily exchanges and balances between them, of maintaining friendly and harmonious relations, and of promoting uniform, safe, and efficient banking methods, hereby associate themselves for the maintenance of a clearing house, and do hereby agree upon and adopt the following constitution:

ARTICLE I.

The name of the association shall be the Salt Lake Clearing House Association.

ARTICLE II.

The objects of the association shall be the effecting at one place of the daily exchanges between the several banks, the settlement of the balances resulting

from such exchanges, the adoption and enforcement of such rules and regulations as will encourage mutual trust and confidence, and promote uniform methods, safety, and efficiency in the transaction of banking business among themselves, with their customers and with the public. And for the purpose of accomplishing these objects, the associates reserve the right by a majority vote to amend these articles of agreement, to adopt additional rules and regulations, and to enforce any of its articles, orders, rules, or regulations by fines, suspension, or expulsion, as hereinafter set forth, or as may be hereafter provided.

ARTICLE III.

The association consists of the banks and banking institutions which subscribe to this agreement: *Provided*, That any member reodganizing under State or national laws may, with the consent of the executive committee, continue its membership.

ARTICLE IV.

SECTION 1. The officers of the association shall be a president, vice president, secretary, and treasurer, who shall be elected by ballot from among the representatives of the members at the annual meeting, and shall hold their offices for one year, or until their successors are elected and qualified.

There shall also be chosen by ballot from the representatives of the members at their annual meeting a standing committee of five, to be called the executive committee, of whom the president of this association must be one, who shall hold their offices for one year, or until their successors are elected and qualified.

SEC. 2. All books, records, papers, and other property of the association shall be surrendered by the several officers and committees to their successors in office.

ARTICLE V.

SECTION 1. A general annual meeting of the association shall be held at the clearing house on the second Thursday in January in each year at 11 o'clock a. m. for the election of officers and executive committee, and of any other standing committee, and for the hearing of annual reports and for any other business that may be brought before it.

SEC. 2. Special meetings of the association shall be called by the president or by the executive committee whenever the president or said committee may deem it expedient or be requested so to do by three members of the association, and in all such cases the president or the executive committee, as the case may be, shall cause notice of the meeting to be given in writing at the banking house of each member. Not less than two hours' notice shall be given, and if less than four hours' notice be given the written notice shall contain a brief statement of the purpose of the meeting, and no business shall be taken up except that specified in the notice.

SEC. 3. At all meetings of the association each member may be represented by one of its officers or directors and shall be entitled to one vote. The president may vote as a member or he may have the casting vote in case of a tie when his bank has not voted on the question as a member. At all meetings of the association a quorum for the transaction of business shall consist of a majority of the whole number of members, and all questions shall be decided by a majority vote of the members present, except as otherwise specially provided. Should there be no quorum present the meeting may be adjourned by those then present to any subsequent time. Voting by proxy shall not be allowed.

ARTICLE VI.

The association shall not in any way be responsible either in regard to the exchanges or the balances resulting therefrom, nor in regard to any errors, reclamations, or default between the several members. The exchange and delivery of checks at the clearing house shall be in trust until the debit balances are paid. The action of the clearing house is that of an agent, and in no case is the association to be held responsible for any loss that may occur.

ARTICLE VII.

It shall be the duty of the president to preside at all meetings of the association, to call such meetings as are required to be called by him, and to exercise,

under the direction of the executive committee, a general supervision over the clearing-house affairs and to perform the duties pertaining to an executive officer. He shall also be ex officio chairman of the executive committee and of all standing committees, having in committee one vote.

ARTICLE VIII.

In the absence or inability of the president the vice president shall perform all his duties. In the absence of both the president and the vice president a president pro tempore may be appointed at any meeting.

ARTICLE IX.

The secretary and treasurer shall keep an exact record of proceedings of the meetings of the association and report annually his receipts and disbursements, accompanied by receipted vouchers, and shall perform all duties usually pertaining to the office of secretary and treasurer. In the event of his temporary absence a secretary pro tempore may be appointed at any meeting, but in the event of his resignation or inability to perform his duties the executive committee shall appoint another member of the association to be secretary and treasurer for the unexpired term.

ARTICLE X.

SECTION 1. The executive committee shall procure a suitable office or offices for the clearing house; provide proper books, stationery, furniture, and whatever else may be necessary; appoint annually a manager and any other employees who may be required, fix their salaries, and require such securities for the faithful performance of their duties as the committee may deem best. The committee may suspend or remove the manager or any employees of the clearing house when, in the opinion of the committee, the interests of the association require it; may fill any vacancies in the offices of employees ocurring during the year, and establish any new rules and regulations in cases not provided for, subject to revision by the association, and shall supervise generally the clearing-house affairs.

SEC. 2. The executive committee shall have charge of all property of the association. It shall exercise all the powers of the association in the interim between meetings, and any action taken by it shall stand as the act of the association until reversed, changed, or modified at a regular or special meeting of the association.

SEC. 3. The executive committee shall hold meetings whenever called together by the president or by a majority of its members.

SEC. 4. The executive committee shall make report to the association upon all applications for membership. It shall have power in case of extreme emergency to suspend, by unanimous vote of those present entitled to vote upon the question, any bank from the privileges of the clearing house until the pleasure of the association therein shall be ascertained: *Provided*, That no member of the committee shall vote upon any question involving the suspension of the bank represented by him in the association; in case of such suspension the executive committee shall forthwith call a meeting of the association to take action in the matter.

SEC. 5. The executive committee shall act as a committee of arbitration to hear and determine all disputes that may be submitted to it by parties thereto, being members of the clearing-house association; such committee shall keep a record in brief of each case referred to it, and of its decision therein, in a book to be provided for that purpose and to be kept at the clearing house open to the inspection of the association; should any member of this committee of arbitration be disqualified from acting by reason of being a party to the dispute, the other members of the committee shall select another representative, a member of the association, to fill, temporarily, the place of the disqualified.

A majority of the committee shall be a quorum for the transaction of business, and a majority decision of such quorum shall be valid and binding upon the parties to the dispute: *Provided*, That an appeal may be taken to the association within five days.

ARTICLE XI.

The manager shall be subject to the control of the executive committee; he shall have immediate charge of all business at the clearing house, so far

as relates to the manner in which it shall be transacted, and the employees of the establishment as well as the settling clerks and messengers of the several members, while at the clearing house, shall be under his direction; he shall report monthly to each member such errors as its settling clerk or messenger may commit; he shall keep in books provided for the purpose a faithful record of all clearances and settlements and preserve all vouchers and see that the clearing-house rooms and the property connected therewith are kept in order; he shall also prepare an annual report of the business for the annual meeting and perform such other duties as may be required of him.

ARTICLE XII.

SECTION 1. Application for new membership shall be made to the executive committee and by it reported upon and referred for action to the association. New members may be admitted at any meeting of the association by an affirmative vote by ballot of three-fourths of the members. New members shall pay an initiation fee of $500 each, and shall signify their assent to the constitution and by-laws and pay their quota of current expenses in the same way as the original members.

SEC. 2. Any member may withdraw from the association at pleasure by giving notice in writing to the executive committee of its intention to withdraw and paying its due proportion of its expenses and obligations theretofore incurred.

SEC. 3. For cause deemed sufficient any member may be expelled and debarred from all the privileges of the association by an affirmative vote of three-fourths of the members of the association at any meeting called for the purpose of considering the question.

SEC. 4. Whenever a member shall withdraw or be expelled it shall be the duty of the executive committee to ascertain the just and equitable right of the member in any moneys on hand or tangible property of the association, and to certify to the secretary and treasurer the amount so ascertained. Upon the payment or tender of such sum all right, title, and interest of such withdrawn or expelled member in any of the property or to any of the benefits of the association shall forthwith be terminated.

ARTICLE XIII.

The expenses of the clearing house shall be borne and paid by the several members of the association as follows: Each member shall pay a quarterly fee of $25 whenever the funds in the treasury shall be less than $500; the balance of funds required shall be made up by assessment levied by the executive committee upon the members in proportion to the amounts cleared by them, respectively, during the preceding quarter. This assessment shall be paid to the secretary and treasurer on his draft.

ARTICLE XIV.

Two copies of this constitution shall be signed by an authorized officer of each bank and shall be kept, one by the president and one by the secretary of the association. It shall be the duty of the secretary and treasurer to furnish to the members promptly copies of all amendments and additions to these articles.

ARTICLE XV.

Any violation of any of the provisions of this agreement or of the rules and regulations of the clearing house, any acts or declarations upon the part of any member evidencing a refusal upon its part to abide by the constitution or rules of the association, and any conduct deemed prejudicial to the interests of the association shall be punishable by fine, suspension, or expulsion, as may be deemed proper by the association. Fines may be imposed by the executive committee, but suspension or expulsion shall be only upon the affirmative vote of three-fourths of the members of the association. Any supposed violation of the articles, rules, or regulations of the association or conduct deemed prejudicial to its interests shall be investigated by the executive committee. Any member complained of or under investigation must, on notice, appear and answer all questions pertaining to the inquiry and submit all books and records required. This committee shall take action thereon, and in the event that the matter is deemed to be of sufficient importance to warrant either suspension or

expulsion, it shall cause to be called a meeting of the association to consider the matter. Nothing herein contained shall prevent complaint being made to the association as to the conduct of any member, whether the matter complained of shall have been investigated by the executive committee or not.

ARTICLE XVI.

SECTION 1. Amendments to the preamble or to Articles I to XVI, inclusive, of this constitution may be made at any meeting of the association by a vote of three-fourths of all members of the association, notice of any proposed amendment having been given in writing at least five days previously to such meeting.

SEC. 2. Any rule or regulation contained in Article XVII of this constitution may be amended and any new rule or regulation may be added at any meeting upon a majority vote.

ARTICLE XVII.

This article contains the rules for the government of the association, its officers and employees, in the conduct of its clearing house. These may be altered, repealed, or added to at any meeting of the association.

RULES.

1. At 10.30 a. m. on each business day messengers from the several banks shall present at the clearing house their respective demands against each member, totalized, and after exchanging shall determine and make known the debit or credit balance to the manager, who will, when proof is made, issue his certificate on the following form, to the creditor on the debtor members, for the balance due:

Salt Lake Clearing House Association ———.

No. ———.

Pay to (No. ———) $——— (dollars). Account debit balance resulting from the adjustment of exchanges made this date between members of this association.

Not negotiable or transferable.

To (No. ———).

———,

Manager.

SALT LAKE CITY, UTAH.

Proper matter for the clearing house shall consist of all checks, drafts, certificates of deposit, and any other matter especially agreed upon by any member, until notice to the contrary is given.

2. It shall be the duty of the banks holding the manager's certificate issued in settlement for balances, to collect the same daily, and should any bank fail to pay the balance against it on presentation of the said certificate, the amount of that balance shall be supplied to the manager by the members to whom the defaulting bank is a debtor, in proportion to the amounts due to them respectively from the defaulting bank, according to the exchanges of that day, the manager making the necessary requisitions upon them, so that the general settlement may be completed with as little delay as possible. Afer clearing, the respective amounts so supplied to the clearing house on account of the defaulting bank will constitute claims on the part of the several responding members against the defaulting members; but the association shall in no wise be responsible therefor.

3. Errors in the exchanges and claims arising from the return of checks, or from any other cause, are not to be adjusted through the clearing house, but directly through the members who are parties to them; all checks, drafts, notes, or other items in the exchanges found not good, or missent, shall be returned without mutilation, or notice of dishonor given directly to the member from whom they were received, as soon as examined, or presented, not later than 2.30 p. m. on the day of clearance in which said return vouchers were exchanged, and the said member shall immediately refund to the banks returning the same the amount for which it had received credit through the clearing house, for the said checks, drafts, notes, or other items so returned to it: *Provided*, Such return and refund shall, on Saturdays, be made not later than 11.30 a. m.

4. In case of default by any member, all checks and vouchers delivered through the clearing house to such defaulting members shall be returned, if required, to the member owning the same, without mutilation, but the association shall not be responsible therefor.

5. All negotiable paper deposited for clearance by the members of this association shall bear the stamp of the depositing bank, which shall clearly indicate the name of the bank, its clearing house number, and the date of clearance. The stamp shall be for clearing-house purposes only, and shall guarantee the validity and regularity of all prior indorsements on the paper so cleared, except the indorsement of an original payee of a certificate of deposit, and it shall not be construed to supply a missing indorsement.

6. Each bank shall file with every other member of this association a certified impression of its clearing-house stamp and certification stamp, and the signature of persons authorized to certify and indorse checks.

7. Checks shall be made payable in current funds, except that when the executive committee authorizes the issue of clearing house certificates, checks may be drawn payable in clearing-house funds.

8. Members of this association shall not open their respective offices for business except between the hours of 10 a. m. and 3 p. m. on business days: *Provided*, That the hours of business on Saturdays shall be from 9 a. m. to 12 m.

9. No member shall directly or indirectly pay interest upon an open or checking account, excepting from the accounts of banking institutions, and in no case shall interest be allowed to such institutions upon daily balances at a rate in excess of 2½ per cent per annum: *Provided*, That where arrangements have heretofore been entered into between a member of the association and a depositor not a banking institution, which require the payment of interest, they shall not be disturbed, and the same arrangements may be continued by any other member succeeding to the account: *And provided further*, That application may be made by a member to the executive committee for permission, and permission may be granted, to pay interest upon a checking or open account upon a statement in writing of the facts and reasons therefor: *And provided further*, That public funds shall not be subject to this rule.

10. The following charges shall be made upon escrow:

A deposit fee of $2.50, payable in advance, where the sum does not exceed $1,000.

A deposit fee of $5, payable in advance, where the amount involved exceeds $1,000.

In addition to said deposit fee, a charge at the rate of 50 cents per $1,000 (minimum fee 10 cents) shall be made upon all amounts paid under the provisions of any escrow agreement.

11. A charge shall be made for all domestic exchange sold at not less than the following rates: On all single drafts of $5 or less, 5 cents. On all single drafts over $50 and not exceeding $100, 10 cents. On all drafts aggregating over $100, one-tenth of 1 per cent.

No charge need be made upon drafts issued to the Government of the United States or its disbursing officers, to express companies, to telegraph companies, to interstate railroad companies or their subsidiary companies, to nonresident customers, to banks in Salt Lake City or their corresponding banks, or for the trading of western for eastern exchange, or vice versa, with customers outside of Utah.

A charge shall be made upon all telegraph transfers at not less than the following rates:

One-fourth of 1 per cent on all amounts up to $1,000, minimum charge 50 cents.

One-eighth of 1 per cent on all amounts over $1,000, minimum charge $2.50.

One-tenth of 1 per cent on all amounts transferred by telegraph, in addition to cost of telegram, shall be made to all banks.

12. Where a remittance letter contains a check or checks, including cashier's checks, dated and issued at Salt Lake City or County, drawn upon any bank in Salt Lake City, whether remitted for credit or for collection and returns, and bearing the indorsement of any person, firm, or corporation, bank or banker located outside the States of Utah, Idaho, Montana, Wyoming, and Nevada, a charge of not less than one-tenth of 1 per cent, minimum charge 15 cents, shall be made by the receiving bank upon the total amount of such checks, provided that no charge need be made for checks of $5 or less.

Where local checks are received for credit of an account kept with the receiving bank, no charge need be made, but where checks are received from

a bank with which the receiving bank keeps an account, the regular charge shall be made.

13. A charge of one-tenth of 1 per cent, minimum charge 15 cents for each item, shall be made upon all items in excess of $5 received for collection by any bank in this city and requiring returns in exchange. In the event of failure to collect, a minimum charge of 15 cents for each item shall be made to defray the cost of handling same. Regular correspondents may be exempted from this charge.

A charge of 10 cents for each item, in addition to the cost of collection, may be made upon all collections received from local customers and payable outside of Salt Lake City; this charge to be payable in advance, and to be retained whether item is collected or not.

14. A charge of not less than one-tenth of 1 per cent shall be made upon sight drafts cashed or credited on receipt, when drawn upon any point where days of grace are allowed.

15. No clearing-house bank shall clear checks for any bank in this city that does not comply with the constitution and rules of the clearing house.

16. No refund or rebate shall be made to offset or reduce any of the charges hereinbefore provided. Any evasion of the letter or spirit of these rules shall be considered a violation.

17. Check books and tabbed checks furnished by the clearing-house banks of Salt Lake City shall be charged for according to the following schedule:

Books or tabs containing 200 checks	$1.25
Books or tabs containing 300 checks	1.50
Books or tabs containing 400 checks	1.75
Books or tabs containing 500 checks	2.00
Books or tabs containing 1,000 checks	4.00

Checks lithographed to order will be charged for at actual cost. No charge need be made for check books furnished to the disbursing officers of the United States Government.

The only exceptions to the above rules are United States Government and public accounts and customers residing and doing business outside of Salt Lake County.

18. Banks will not allow overdrafts, except of a temporary nature; customers to be notified with a special request not to overdraw the account.

19. Items on points other than Salt Lake City, received through the clearing house from associate members, and thereafter lost in transit through no negligence of the receiving bank, may be charged back to the sending bank. In receiving checks, drafts, or other paper, on deposit or for collection, a member acts only as agent, and assumes no responsibility for the acts, omissions, neglect, or default of agents or subagents at other points. Any credit allowed for items on other banks or parties is only provisional until the proceeds thereof in money shall have been actually received by the member.

20. Applications for contributions from members of the association to charities, celebrations, excursions, local organizations, etc., shall be referred to the executive committee, provided that any member may contribute not to exceed the sum of $10 to such purposes, without reference to the committee.

The names and clearing-house numbers of the members of this association and the date of subscription hereto of each is as follows, to wit:

No. ———. ——— ———,

EXHIBIT No. 149, JANUARY 6, 1913.

SEPTEMBER 16, 1912.

Messrs. WILLIAM SALOMON & Co.,
New York City.

GENTLEMEN: We hereby offer to sell and deliver to you for the sum of $8,215,062 in cash $10,000,000. par value, of the preferred stock and $7,572,845. par value, of the common stock of California Petroleum Corporation, a corporation to be organized under the laws of the State of Virginia, to which we shall make an offer in form and terms hereto annexed.

Delivery of temporary voting-trust certificates for the common stock and temporary preferred stock certificates in negotiable form shall be made at your

office in the city of New York. The first payment shall be at least $4,000,000 and shall be made as soon as the corporation is organized and the stock issued to us, which shall not be later than October 15, 1912; and the balance of the purchase price shall be paid from time to time thereafter at your convenience, provided that not less than $2,000,000 thereof shall be paid within 30 days after the first payment and the entire balance within 60 days after such first payment. Each payment, after the first, shall be made with interest thereon from the date of the first payment at 6 per cent per annum. The amounts of stock of each class delivered at the time of each such payment shall be substantially in proportion to the principal of such payment.

The common stock delivered to you is to be represented by voting-trust certificates in form and terms satisfactory to you, the voting trustees to be E. L. Doheny, C. A. Canfield, and G. G. Henry, with the right to each of the former to nominate the successor of the other and the right to William Salomon & Co. to nominate the successor of Henry; the voting trust to continue for five years.

For the preferred and common stocks issued to us and not sold to you we are to accept scrip of the company and the voting trustees, respectively, exchangeable on or after October 1, 1913, but not before that date without your consent, for such stock and voting-trust certificates.

Provision shall be made in the charter or by-laws of the California Petroleum Corporation, or in such other manner as your counsel may approve, to the effect that the corporation shall have a finance committee of its board and that all its financial affairs shall be in the hands of such finance committee, and that such finance committee shall have the power to approve any action of the board relating to financial affairs before the same shall become effective. Such committee shall have a membership of three, two of whom are to be nominated by you and one by us. This arrangement as to membership shall only continue so long as any of the preferred stock shall remain outstanding, but not longer than the continuance of the voting trust.

The undersigned will serve as directors and officers of the California Petroleum Corporation for three years from its organization and will give its affairs such consideration and attention as its best interests may require.

All matters of a legal character, including approval of titles, shall be subject to approval of your counsel.

The preferred stock of the California Petroleum Corporation and provisions for its protection, are described in Schedules A and B annexed.

Kindly indicate your acceptance of this offer within 10 days from date, during which time we agree that it shall remain open in order that you may endeavor to form a syndicate.

Very truly, yours,

E. L. DOHENY.
C. A. CANFIELD.

EXHIBIT No. 150, JANUARY 6, 1913.

California petroleum corporation.

WILLIAM SALOMON & Co.,
September 19, 1912.

Messrs. E. L. DOHENY and C. A. CANFIELD,
New York.

GENTLEMEN: We have your letter of September 16. We are proceeding in the endeavor to form a syndicate, and shall inform you of our determination within the period of 10 days fixed by your letter.

We beg to advise you that we are informed by Messrs. Salomon & Co., London, that the change contemplated in Schedule B is agreeable to them, and therefore confirm that the modifications therein proposed are adopted.

Yours, very truly,

EXHIBIT No. 151, JANUARY 6, 1913.

WILLIAM SALOMON & Co.,
September 25, 1912.

Messrs. E. L. DOHENY and C. A. CANFIELD,
New York.

DEAR SIRS: Referring further to your letter of September 16, offering to sell to us for the sum of $8,215,662 in cash $10,000,000 par value of the preferred

stock and $7,572,845 par value of the common stock of California Petroleum Corporation, we now beg to advise you that we have determined to accept said offer and agree to purchase said stock at said price and upon the terms and conditions set forth in your letter.

Yours, very truly,

——— ———.

EXHIBIT No. 152, JANUARY 6, 1913.

NEW YORK, *September —, 1912.*

TO THE BOARD OF DIRECTORS OF THE CALIFORNIA PETROLEUM CORPORATION:

GENTLEMEN: The undersigned own or control upward of 80 per cent of the capital stock of the American Petroleum Co. and of the American Oilfields Co., respectively, both of which are operating companies organized under the laws of the State of California, having themselves interests in a number of subsidiary corporations. We shall probably acquire most, if not all, of the balance of the stock of both companies. For the purpose of bringing into closer relations the management and operations of those two companies we offer to sell and deliver to you all of such stock now owned or controlled by us or acquired by us within six months on the basis of the issue to us or our order of $12,500,000 par value, out of $15,000,000 authorized of your preferred stock, and of $15,000,000 par value, out of $17,500,000 authorized of your common stock, for all of the outstanding preferred (20,959 shares) and all of the common stock outstanding (124,684 shares) of the American Petroleum Co., together with all of the stock (183,038 shares) of the American Oilfields Co., the par value of all of said shares being $100 each, together with the sum of $2,200,000 in cash. As we can now deliver to you only eighty per cent of the stocks of the above companies, we propose to pay you cash in excess of the amount above stipulated, such excess cash to be returned to us accompanied by amounts of your stock, in the manner hereinafter set forth, if and as we from time to time make delivery to you of portions of the remaining 20 per cent of the stocks of the above companies; and we propose that deliveries and payments be not made pro rata, but in the following manner:

We deliver to you at once upon the acceptance of this offer the following: Eighty per cent of the outstanding preferred stock of the American Petroleum Co., or in all $1,676,720 par value; 80 per cent of the common stock of the American Petroleum Co., or in all $9,974,720 par value; 80 per cent of the stock of the American Oilfields Co, or in all $14,643,040 par value; cash, $3,400,156.40.

Receiving in exchange therefor stock of your company as follows: Preferred stock, par value, $11,997,024; common stock, par value, $13,513,081.

We will at the same time, in addition to the cash above specified, pay to your company in cash the amount of any and all dividends which at or before the date of such delivery shall have been actually paid or become payable to others than your corporation, upon the above-specified shares of stock of the American Oilfields Co. and the American Petroleum Co., subsequent to any dividends for the month of August, 1912, payable on or about October 1, 1912, thereon.

The deliveries and payments hereinabove specified of and for said 80 per cent of the stocks of said companies shall be absolute and unconditional, and neither party shall have any right to any rebate or repayment of or on account of the delivery or nondelivery of the remaining 20 per cent of the stocks of said companies, except as hereinafter expressly stated.

We shall not be liable for failure to secure said remaining 20 per cent, but are to use our best efforts to do so, and will deliver to you so much thereof as we obtain during six months from the date hereof, and you shall be firmly bound to receive the same as offered to you from time to time within said period and to deliver in exchange therefor to us or our order stocks and cash as follows:

(*a*) For each share of preferred stock of the American Petroleum Co.: $20 par value of your preferred stock, $75 par value of your common stock, and $40 in cash.

(*b*) For each share of the common stock of the American Petroleum Co.: $8 par value of your preferred stock, $25 par value of your common stock, and $37 in cash.

(*c*) For each share of stock of the American Oilfields Co.: $6 par value of your preferred stock, $15 par value of your common stock, and $3 in cash.

By acceptance hereof your company will agree (1) not to purchase or contract or negotiate for the purchase from others of any of said remaining stocks of the American Petroleum Co. or the American Oilfields Co. at any time within one year from the date hereof; (2) to purchase from us forthwith upon the acceptance of this offer $1,000,000 par value of the outstanding bonds of the American Oilfields Co. at the price of 80 per cent of the face value thereof and accrued interest, which bonds we agree, if this offer is accepted, to sell and deliver to you at that price; (3) to purchase from us if tendered to you at any time or from time to time within six months from the date hereof not exceeding $323,000 face value additional of said bonds at said price of 80 per cent, plus accrued interest; (4) not to purchase or contract or negotiate for the purchase from others of any of the bonds of said issue at any time within one year from the date hereof.

In lieu of preferred stock certificates deliverable to us pursuant hereto, you are to issue and we to accept scrip of your company exchangeable on or after October 1, 1913 (but not before that date without the consent of the bankers to be designated by us), for such preferred stock certificates.

We hand you herewith report of Messrs. Price, Waterhouse & Co., dated ———, upon the American Petroleum Co. and the American Oilfields Co., also letter from Messrs. Price, Waterhouse & Co., dated ———, together with the reports of Dr. Ralph Arnold and of ——— O'Melveney, dated, respectively, ———, 1912, and ———, 1912.

Yours, truly,

C. A. C.
E. L. D.

EXHIBIT No. 153, JANUARY 6, 1913.

SCHEDULE A.

The preferred stock shall be entitled to a cumulative yearly dividend at the rate of 7 per cent per annum from the date of the organization of the California Petroleum Corporation, payable quarterly, and each such quarterly dividend shall be paid or provided for before any dividend for that quarter shall be declared or paid upon or set apart for the common stock; and no dividend shall be paid or declared on the common stock in any fiscal year until all arrearages of dividends on the preferred stock have been paid and the full dividend on the preferred stock for the current quarter of such fiscal year shall have been paid or provided for.

The preferred stock shall also be entitled to participate pro rata with the common stock in all dividends declared in any year after dividends of 7 per cent have been eclared and set apart upon the common stock in such year.

The preferred stock shall also be entitled to priority in the payment of principal out of the assets of the company over the common stock to its full par value, with all arrearages of dividends, and in the event of any voluntary liquidation of the company, caused otherwise than by bankruptcy or insolvency, it shall be entitled to receive 120 per cent of its par value plus arrearages of dividends before any of the company's assets are distributed to the holders of the common stock. After payment of the amounts hereinabove specified to the holders of the preferred stock they shall have no further share or portion of the company's assets.

The preferred stock shall be redeemable, in whole or in part, at 120 per cent of its par value and accrued dividends upon 40 days' notice by mail or publication. The method in which such redemption shall be carrried out shall be as provided by the by-laws from time to time, which shall conform to the requirements of the New York Stock Exchange.

For the purpose of creating a sinking fund for the purchase or redemption of the bonds of subsidiary companies or the preferred stock of this corporation there shall be set aside out of the net earnings of the company remaining after the payment of full dividends with all arrearages thereon upon the preferred stock, and before the payment of any dividends upon the common stock, within 30 days after January 1 in each year, beginning with the year 1915, an amount equal to 5 cents for each barrel of petroleum sold by the California Petroleum Corporation or any subsidiary company during the preceding year: *Provided, however*, That if the California Petroleum Corporation shall own less than all the outstanding stock of any subsidiary company the sinking fund upon that company's sale shall be that proportion of 5 cents

which the amount of stock held bears to the total amount outstanding. The obligation to carry such amount to the preferred-stock sinking fund shall be cumulative, so that if in any year the amount of the net earnings shall be insufficient to permit of the transfer to such fund of the full amount specified, or for any other reason such amount shall not be set aside and credited to the sinking fund, the deficiency shall be made good out of the net earnings of the next succeeding fiscal year or years before any dividend is set apart for or paid upon the common stock.

All moneys credited to the preferred-stock sinking fund so created shall be applied as promptly as practicable, under suitable regulations, to the purchase or redemption of the bonds of the subsidiary companies or preferred stock of the California Petroleum Corporation from time to time outstanding: *Provided*, That all such purchases shall be at the lowest price at which they can reasonably be obtained, not exceeding, however, in case of preferred stock, 120 per cent of par and accrued dividends, or, in case of the bonds, the redeemable price.

In case sufficient bonds or preferred stock to exhaust the moneys in the sinking fund shall not be purchased at or below said prices, the balance of the said moneys shall be applied to the redemption of said preferred stock at the redemption price above named, and may be so applied together with other funds of the company whenever the company shall determine to exercise its right of partial redemption.

The moneys in the sinking fund shall not be required to be actually withdrawn from the business of the company until the actual application thereof to the purchase or redemption of bonds and shares of the preferred stock; but such moneys shall not be made the basis of a stock or cash dividend or otherwise distributed among the holders of the common stock nor shall said sinking fund be depleted nor be used in any way which will interfere with the application thereof to the purchase or redemption of bonds and shares of the preferred stock as above provided.

Without the affirmative vote or written consent of at least three-fourths in amount of the preferred stock the corporation shall have no power: (1) To change, either by increase, diminution, or otherwise, the voting powers of either class of stock; (2) to sell or otherwise dispose of by conveyance, transfer, lease, mortgage, or otherwise turn over the property, franchise, and business of the corporation in their entirety or any stocks of American Oilfields or American Petroleum Cos.; (3) to create or to permit any subsidiary company to create any mortgage or other lien upon its real or personal property to secure an issue of bonds or otherwise or to issue any additional bonds under any present mortgage; (4) to create or issue any shares of stock which shall take priority over or any additional shares of stock which shall be on a parity with the said authorized $15,000,000 of preferred stock; (5) to issue any of the additional authorized preferred stock over and above $13,000,000 thereof unless the net earnings of the company applicable to dividends on the preferred stock for the last preceding fiscal year or the last preceding 12 calendar months shall be equal to twice the annual dividends on the outstanding preferred stock, including the new preferred stock to be so issued.

The preferred stock shall have no voting power unless and until the company shall fail to pay four quarterly dividends thereon, in which case and so long as there shall be any arrearages of dividends due and unpaid upon the preferred stock the holders of the preferred stock voting as a class shall have the power to elect a majority of the board of directors of the company, the remaining members of said board being elected by the holders of the common stock voting as a class.

(Signed) C. A. C.
E. L. D.

SCHEDULE B.

It is agreed that, subject to the approval by Salomon & Co., of London, Schedule A and the letter to the board of directors of the California Petroleum Corporation hereto annexed shall be amended as follows:

1. The amount of authorized preferred stock will be $17,500,000 instead of $15,000,000, of which $2,500,000 can only be issued to acquire additional income-producing oil properties.

2. No preferred stock in excess of $12,500,000 shall be issued before October 1, 1913, without the consent of William Salomon & Co., but otherwise no restrictions apply during this period except provision No. 1 above.

3. It is understood that the preferred stock will participate equally with the common in any dividends in excess of 7 per cent declared on the common during any fiscal year, without reference to the fact that the common may not have received 7 per cent cumulatively from the organization of the company.

4. It is understood that the company is to have the right to pay common-stock dividends partly in cash and partly in stock without the preferred stockholders having the right to require that any part of such common stock issue should be distributed to them unless the aggregate of cash and stock dividends upon the common stock in any fiscal year exceeds 7 per cent, in which event that part of the dividend paid in stock shall be regarded as the excess dividend.

(Signed) E. L. D.
C. A. C.

MONEY TRUST INVESTIGATION

INVESTIGATION

OF

FINANCIAL AND MONETARY CONDITIONS IN THE UNITED STATES

UNDER

HOUSE RESOLUTIONS NOS. 429 AND 504

BEFORE A

HOUSE

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY

PART 18

WASHINGTON
GOVERNMENT PRINTING OFFICE
1913

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY.

HOUSE OF REPRESENTATIVES.

ARSÈNE P. PUJO, Louisiana, *Chairman.*

WILLIAM G. BROWN, West Virginia.	GEORGE A. NEELEY, Kansas.
ROBERT L. DOUGHTON, North Carolina.	HENRY McMORRAN, Michigan.
HUBERT D. STEPHENS, Mississippi.	EVERIS A. HAYES, California.
JAMES A. DAUGHERTY, Missouri.	FRANK E. GUERNSEY, Maine.
JAMES F. BYRNES, South Carolina.	WILLIAM H. HEALD, Delaware.

R. W. FONTENOT, *Clerk.*
A. M. MCDERMOTT, *Assistant Clerk*

MONEY TRUST INVESTIGATION.

SUBCOMMITTEE OF THE
COMMITTEE ON BANKING AND CURRENCY,
HOUSE OF REPRESENTATIVES,
Washington, D. C., Tuesday, January 7, 1913.

The subcommittee met at 11 o'clock a. m.

Present: Messrs. Pujo (chairman), Heald, Stephens, Hayes, and Guernsey.

Present also: Samuel Untermyer, Esq., of New York City, counsel for the committee, and G. Carroll Todd, Esq., assistant counsel for the committee.

The CHAIRMAN. The committee will now come to order and the testimony will be resumed.

Mr. UNTERMYER. Mr. Chairman, before resuming the testimony of Mr. Henry I want to read to the committee some data that was produced by Messrs. Morgan & Co. pursuant to Mr. Morgan's agreement on the witness stand——

The CHAIRMAN. Proceed.

Mr. UNTERMYER (continuing). As it tends to correct some of the testimony given by him.

Among the data asked was the total amount of deposits on hand with J. P. Morgan & Co. and with their Philadelphia house, Drexel & Co., which is composed of the same members as the New York house, and is a part of the same house.

The deposits with the New York bank on January 1, 1912, were $103,177,603.49, and with the Philadelphia house of Drexel & Co. were $43,532,889.66.

On November 1, 1912, the deposits with the New York house of J. P. Morgan & Co. were $113,345,500 and with the Philadelphia branch of Drexel & Co., $49,146,319.65, making something upward of $162,000,000 of deposit accounts of J. P. Morgan & Co. in their two houses.

There have also been furnished the committee the letters written by Messrs. Stillman and George F. Baker in connection with their interest in the Equitable Life Insurance Co. I will read them to the committee:

EXHIBIT No. 157.

23 WALL STREET, *March 14, 1911.*

DEAR MR. STILLMAN: Referring to our conversation of to-day, I understand that my father has the right at any time to call upon you to take one-quarter

of the Equitable stock purchased by him from Mr. Ryan at the terms on which it was bought by him, viz, cost and 5 per cent interest.

Your confirmation at the foot will be entirely sufficient.

Yours, very sincerely,

J. P. MORGAN, Jr.

JAMES STILLMAN, Esq.,
National City Bank.

DEAR MR. MORGAN: I hereby confirm your understanding. I had the impression that the rate of interest *since* the date of the Ryan purchase was to be 4 per cent, but whether that or 5 per cent I leave entirely to your father or yourself to decide without further conference with me.

Yours, sincerely,

JAS. STILLMAN,
By J. A. STILLMAN, *Attorney.*

EXHIBIT No. 158.

23 WALL STREET, *April 21, 1911.*

DEAR MR. BAKER: Referring to our various conversations on this subject, I understand that my father has the right at any time to call upon you to take one-quarter of the Equitable life stock purchased by him from Mr. Ryan at the terms on which it was bought by him, viz., cost and 5 per cent interest.

Your confirmation at the foot will be entirely sufficient.

Yours, very sincerely,

J. P. MORGAN, Jr.

GEORGE F. BAKER, Esq.
First National Bank.

I hereby confirm the above.

GEO. F. BAKER.

There are some other data with respect to fiscal agencies which are rather too lengthy to read, and they will go into the record.

The papers referred to are all appended to the proceedings of this day, marked Exhibits 154 to 159, inclusive.

TESTIMONY OF MR. G. G. HENRY—Continued.

Mr. UNTERMYER. After entering into this agreement with Doheny & Canfield, which you have produced here, did you or your firm of William Salomon & Co. make any agreement with Hallgarten & Co. or Lewisohn Bros., or either of them, in writing?

Mr. HENRY. We wrote a letter to Lewisohn Bros. Whether we did to Hallgarten or not I could not say. I think we did, and the letter was sent back for certain changes. After that I do not think we ever confirmed that in writing with them.

Mr. UNTERMYER. You were subpœnaed to produce all the documents bearing on this transaction. Have you looked to ascertain whether you have any agreement, by letter or otherwise, with the gentlemen or firms with whom you were associated in this enterprise?

Mr. HENRY. Mr. Lewisohn produced that himself, Mr. Untermyer. You have already the documents that relate to our contract with them, as I understand it.

Mr. UNTERMYER. The letter written to Messrs. Lewisohn, giving them a participation, is the only writing that there was between you, was it?

Mr. HENRY. I do not know which participation you refer to, Mr. Untermyer. There were two.

Mr. UNTERMYER. In the California Petroleum Co.

Mr. HENRY. There was one in the syndicate and one in the original banking group. Messrs. Lewisohn Bros. got two letters from us, one to participate in the original banking group and the other to participate in the syndicate.

Mr. UNTERMYER. Those two letters constitute the only writings between you?

Mr. HENRY. Yes.

Mr. UNTERMYER. There was no formal contract?

Mr. HENRY. No; nothing except the exchange of letters.

Mr. UNTERMYER. With respect to the participation of Hallgarten & Co., was there any writing whatever?

Mr. HENRY. My impression about that is that we wrote a letter to them, and because of certain changes in their firm that were taking place at that time they held the letter over until after a certain time.

Mr. UNTERMYER. There has been no letter——

Mr. HENRY. To participate, no; I think not. I am testifying from memory there, but I do not think our files have any record of any contract between ourselves and Hallgarten. It was all done as a matter of word of mouth—orally.

Mr. UNTERMYER. What was the arrangement, then, with respect to the participation of these other firms in this California Petroleum transaction?

Mr. HENRY. It was handled in this way: We made the contract with Doheny & Canfield.

Mr. UNTERMYER. What was their participation? What interest did they acquire?

Mr. HENRY. There was one firm whose name has not been mentioned that had a participation of 12½ per cent.

Mr. UNTERMYER. Who was that?

Mr. HENRY. I do not want to say.

Mr. UNTERMYER. Why should you refuse to state who your partners were in this enterprise?

Mr. HENRY. Because we told them at the time that their names would not appear publicly.

Mr. UNTERMYER. What is that?

Mr. HENRY. Because we told them at the time that their names would not appear publicly in the transaction. It is a matter of more or less common knowledge, I think, as to who the house was, but their name was not to appear publicly, and I do not feel at liberty to disclose it.

Mr. UNTERMYER. If it is a matter of common knowledge and they were your partners in this enterprise, have you any reason for not stating who your partners were, other than that you had told them that you would not disclose their names?

Mr. HENRY. No; I have no other reason. We are not ashamed of them, and I do not think they are ashamed of us.

Mr. UNTERMYER. Then there is no reason why you should not tell us?

Mr. HENRY. Except that it is a matter—and it is a very common matter, as you know, in Wall Street, Mr. Untermyer—where certain people have assumed public responsibility for a deal and others have not; others having a silent participation in the transaction, where their name does not appear. That was this case.

Mr. UNTERMYER. They were willing to take a profit, but they were not willing to assume responsibility for the integrity and merits of the enterprise? Is that what you mean?

Mr. HENRY. I did not imply that; no. They did not know very much about it. They took an interest from us, because we told them it was a good thing. They were glad to take it, and wanted more, as a matter of fact.

Mr. UNTERMYER. Is that a corporation or a partnership?

Mr. HENRY. It is a partnership.

Mr. UNTERMYER. Have you asked their permission to disclose their names, since this transaction has come before the committee?

Mr. HENRY. I have not.

Mr. UNTERMYER. Have you any reason to believe that they would withhold their consent to your making the disclosure?

Mr. HENRY. I do not think so. I have no reason to suppose they would.

Mr. UNTERMYER. We will pass that for a moment. We will come back to that again, later.

What participation did Lewisohn Bros. and Hallgarten & Co. have in the transaction?

Mr. HENRY. After taking out 12½ per cent for this firm I have just spoken of, Hallgarten & Co. and Lewisohn Bros. and ourselves divided the balance of the stock, which gave us each an interest of 29$\frac{1}{6}$ per cent in it. Then we charged Lewisohn Bros., and we also charged the other house that had the 12½ per cent, 10 per cent of their profits, because of our originating the business. We made Hallgarten no such charge, because they assumed the management of the syndicate with us.

Mr. UNTERMYER. On the other hand, did Lewisohn Bros. make a charge for managing the stock exchange end of the thing?

Mr. HENRY. No, sir; nothing except the ordinary minimum commission.

Mr. UNTERMYER. They charged commissions?

Mr. HENRY. You have to do that, according to the rules of the New York Stock Exchange.

Mr. UNTERMYER. That is not what I asked you. The fact is that Lewisohn Bros. did charge for their services in looking after the stock exchange end of the transaction?

Mr. HENRY. They charged the minimum commission—I think one thirty-second of 1 per cent.

Mr. UNTERMYER. You mean the minimum commission chargeable in transactions between stock-exchange houses?

Mr. HENRY. Yes.

Mr. UNTERMYER. And you were all stock-exchange houses?

Mr. HENRY. I think so; yes, sir. I do not know whether the other two are members of the exchange or not; really I do not know whether Hallgarten & Co. are members of the exchange or not. I think they are.

Mr. UNTERMYER. Having entered into this arrangement for the acquisition of this $10,000,000 of preferred stock and $7,500,000, I think it was——

Mr. HENRY. Approximately.

Mr. UNTERMYER. Of common stock in the California Petroleum Co., what did you gentlemen next do with respect to marketing the securities that you had so bought?

Mr. HENRY. Well, there were a good many operations that took place all simultaneously. I might take them up in logical order, although they do not necessarily rank that way chronologically. The first thing we did was to form two syndicates, or rather one in this country, and sell to a foreign syndicate a certain amount of stock. We formed a syndicate in this country to take $5,000,000 of preferred and $2,500,000 of common for $5,000,000 plus the accrued dividend on the preferred stock, and we also sold to a London syndicate the same amount, $5,000,000 of preferred and $2,500,000 of common, for $5,000,000 plus the accrued dividend on the preferred.

Mr. UNTERMYER. Having formed those two syndicates, that left you and your associates with a cash profit and a stock profit on the transaction from the original purchase of how much up to this point?

Mr. HENRY. $1,784,338 in cash.

Mr. UNTERMYER. And how much stock?

Mr. HENRY. Twenty-five thousand seven hundred and twenty-nine shares of common stock.

Mr. UNTERMYER. That is 2,000,000——

Mr. HENRY. $2,572,846.

Mr. UNTERMYER. Did you and your associates also become members of these subsyndicates, or either of them?

Mr. HENRY. We did, in the New York syndicate.

Mr. UNTERMYER. And that syndicate was made up of how many people—the New York syndicate of $5,000,000 preferred and $2,500,000 common stock for $5,000,000?

Mr. HENRY. There were 103 participants in that syndicate.

Mr. UNTERMYER. One hundred and three?

Mr. HENRY. Not counting ourselves; 104 counting ourselves.

Mr. UNTERMYER. How many of them were corporations?

Mr. HENRY. There were three corporations, and there may have been some incorporated firms. A great many banking firms, as you know, are incorporated. Whether some of these firms as we know them, dealers in securities, are incorporated or not I do not know, but I take it you mean how many institutions. There were three institutions.

Mr. UNTERMYER. There were three banking institutions?

Mr. HENRY. There were three banking institutions.

Mr. UNTERMYER. In the city of New York?

Mr. HENRY. No, sir.

Mr. UNTERMYER. There were none of them in the city of New York?

Mr. HENRY. There were two in New York and one outside.

Mr. UNTERMYER. Were there officers of national banks in the syndicate?

Mr. HENRY. There were.

Mr. UNTERMYER. How many officers of national banks were there in this $5,000,000 syndicate?

Mr. HENRY. There were 15 officers of 7 national banks, of which 4 were in the city of New York and 3 outside, and they had a total interest——

Mr. UNTERMYER. You mean four banks were in the city and three outside?

Mr. HENRY. Yes, sir

Mr. UNTERMYER. In what cities were the other banks?

Mr. HENRY. They were in Chicago and Detroit, I think; two in Chicago and one in Detroit, as I remember it.

Mr. UNTERMYER. Were there any officers of banks or trust companies in New York City other than national banks; and if so, how many officers of other banks and trust companies were members of that syndicate?

Mr. HENRY. Just in New York City?

Mr. UNTERMYER. Yes.

Mr. HENRY. I have not got it separated here. There were six officers in four trust companies.

Mr. UNTERMYER. Six officers in four trust companies altogether?

Mr. HENRY. Yes; of which three trust companies were in New York and one outside, one in Chicago. There were three officers of State banks outside of New York.

Mr. UNTERMYER. What were the total participations or syndicate underwritings of the three banking institutions in New York City?

Mr. HENRY. I did not say there were three banking institutions in New York.

Mr. UNTERMYER. I think you said there were two in New York and one outside, did you not?

Mr. HENRY. Yes, sir.

Mr. UNTERMYER. What was the total participation of those three institutions?

Mr. HENRY. The two in New York had $550,000.

Mr. UNTERMYER. Did onle of them have $500,000?

Mr. HENRY. Yes; one of them had $500,000.

Mr. UNTERMYER. And the one outside had how much participation in the syndicate?

Mr. HENRY. I am testifying from memory, Mr. Untermyer. I believe it was $50,000.

Mr. UNTERMYER. What participations did the trust companies in New York have?

Mr. HENRY. There was only one trust company, which had a participation of $50,000.

Mr. UNTERMYER. Did the officers of that trust company have a participation?

Mr. HENRY. No, sir.

Mr. UNTERMYER. What banks—were there banks in New York that had a participation?

Mr. HENRY. No banks at all.

Mr. UNTERMYER. How about the participation of the national bank that was outside of New York City, and the other banks and trust companies outside? What did they amount to?

Mr. HENRY. I did not say that any bank outside of New York City had a participation.

Mr. UNTERMYER. I thought you said one banking institution outside of New York had a participation.

Mr. HENRY. It is not a bank; it is a corporation; it is an institution.

Mr. UNTERMYER. It is a security company attached to a bank in Chicago?

Mr. HENRY. I did not say it was in Chicago.

Mr. UNTERMYER. I ask you.

Mr. HENRY. No; it is not in Chicago.

Mr. UNTERMYER. Well, it is a security company attached to a bank, I think you said, in Detroit.

Mr. HENRY. No; I did not say Detroit.

Mr. UNTERMYER. Regardless of where it is, is it a security company attached to a bank after the fashion of the First Security and the First National?

Mr. HENRY. I know really very little about the relations between this corporation and the bank to which, as you guess, it is attached. It has some kind of connection, but I do not know much about it. I really do not know enough about it to testify.

Mr. UNTERMYER. Well, you know the name of it, do you not?

Mr. HENRY. Yes; I know the name of it.

Mr. UNTERMYER. Is it a security company?

Mr. HENRY. I do not know just what you mean by a security company.

Mr. UNTERMYER. Has it the name of Security company?

Mr. HENRY. No; it has not.

Mr. UNTERMYER. It has not?

Mr. HENRY. No.

Mr. UNTERMYER. Have you stated all the participations of banking institutions in this syndicate—that is, the amounts?

Mr. HENRY. I think so.

Mr. UNTERMYER. And what do they amount to in all, banking participations, of banking institutions in this syndicate?

Mr. HENRY. You mean just the institutions themselves?

Mr. UNTERMYER. Yes. I am not speaking of the officers now.

Mr. HENRY. I understand. $600,000.

Mr. UNTERMYER. What?

Mr. HENRY. $600,000.

Mr. UNTERMYER. Give me the aggregate number of officers of banking institutions to whom you gave participations in this syndicate.

Mr. HENRY. Twenty-four.

Mr. UNTERMYER. Twenty-four bank officers?

Mr. HENRY. Yes, sir.

Mr. UNTERMYER. Of whom how many were in the city of New York?

Mr. HENRY. I have not got that here. I can guess at that if you want.

Mr. UNTERMYER. No; I think we would rather not have you guess. You know who they are, do you not?

Mr. HENRY. I know who they are.

Mr. UNTERMYER. Yes. Suppose you just tell us how many are in New York connected with New York banks, that were also members of the syndicate.

Mr. HENRY. I have not got that list with me here. I have not the list of the syndicate here.

Mr. UNTERMYER. Were there banking officers and officers of trust companies to whom your firm gave participation in this syndicate whose banks or banking institutions were not underwriters?

Mr. HENRY. Will you repeat that question?

The question was repeated by the stenographer as above recorded.

Mr. HENRY. They were; yes, sir.

Mr. UNTERMYER. Have you any means of separating the number of bank officers to whom you gave participations, whose banks and banking institutions were not underwriters, and the number of banking officers whose institutions were underwriters?

Mr. HENRY. I have not any way of doing that accurately here; no.

Mr. UNTERMYER. I will ask you again to tell the committee the number of officers of banks in the city of New York who were underwriters in this syndicate?

Mr. HENRY. I have not the information here that will enable me to answer that question, Mr. Untermyer.

Mr. UNTERMYER. Will you read the question again?

The question was read by the stenographer as above recorded.

Mr. HENRY. I have only got a total here covering New York and outside. I am not seeking to keep back anything; I am just not able to state accurately. I should guess possibly there were 24, two-thirds inside the city and one-third outside.

Mr. UNTERMYER. Sixteen in New York and the others in Chicago and Detroit.

Mr. HENRY. That is my idea, and elsewhere.

Mr. UNTERMYER. What other cities?

Mr. HENRY. Milwaukee.

Mr. UNTERMYER. You will furnish us that information, will you not?

Mr. HENRY. You mean the exact number?

Mr. UNTERMYER. Yes; the exact number.

Mr. HENRY. I see no objection to that.

Mr. UNTERMYER. Will you furnish it to-morrow? Will you send it to the committee?

Mr. HENRY. I think I can furnish it to-day if you want it.

Mr. UNTERMYER. Yes; if you will. Where will you get the data from which to furnish it to-day?

Mr. HENRY. Telephone to my office.

Mr. UNTERMYER. What was the total amount of underwriting participations that your firm gave to these bank officers?

Mr. HENRY. $535,000.

Mr. UNTERMYER. Divided between the 24 officers?

Mr. HENRY. Yes.

Mr. UNTERMYER. What was the largest amount to any one of them?

Mr. HENRY. $50,000, I think.

Mr. UNTERMYER. Was that to a New York officer?

Mr. HENRY. Yes.

Mr. UNTERMYER. To a man who is an officer of a New York national bank?

Mr. HENRY. Yes.

Mr. UNTERMYER. Was that participation given to the officer of the institution in New York that underwrote $500,000?

Mr. HENRY. No, sir.
Mr. UNTERMYER. Was it given to an officer of an institution that did any of the underwriting?
Mr. HENRY. No, sir; that institution did not do any underwriting.
Mr. UNTERMYER. The officer did not?
Mr. HENRY. No.
Mr. UNTERMYER. Was that a national bank?
Mr. HENRY. That is a national bank.
Mr. UNTERMYER. And one of our largest national banks, is it not?
Mr. HENRY. Well, large is a relative term, Mr. Untermyer.
Mr. UNTERMYER. Well, was it a national bank with resources of over $100,000,000?
Mr. HENRY. I do not know what their resources are.
Mr. UNTERMYER. Can you give us any idea?
Mr. HENRY. It is a big bank. All the Wall Street banks are big banks.
Mr. UNTERMYER. It was a Wall Street bank, was it?
Mr. HENRY. It was a Wall Street bank.
Mr. UNTERMYER. A Wall Street bank that loans on collateral?
Mr. HENRY. Surely it loans on collateral.
Mr. UNTERMYER. It loans money on the stock exchange?
Mr. HENRY. I do not know whether it does or not.
Mr. UNTERMYER. You do not know whether this bank is a lender on the stock exchange?
Mr. HENRY. I do not know whether it is directly.
Mr. UNTERMYER. Sir?
Mr. HENRY. I do not know whether it loans money directly on the stock exchange.
Mr. UNTERMYER. You know the business of lending money on the stock exchange, do you not?
Mr. HENRY. Something about it.
Mr. UNTERMYER. You know that the large lenders of money among the banks on the stock exchange are numerous?
Mr. HENRY. A great many, I understand, loan privately over the telephone.
Mr. UNTERMYER. They loan to stock brokers over the telephone and on the board?
Mr. HENRY. Yes.
Mr. UNTERMYER. You do not know whether this bank is a lender on the stock exchange?
Mr. HENRY. It loans lots of money; I do not know whether it loans its money on the board or privately over the telephone.
Mr. UNTERMYER. You do not know but what it loans it at the loan stand on the stock exchange?
Mr. HENRY. No.
Mr. UNTERMYER. Then, as I understand it, you allowed participation in this underwriting syndicate to banking institutions and officers of banks together, amounting to about $1,100,000 of the $10,000,000, the total underwriting?
Mr. HENRY. I should say $1,085,000.
Mr. UNTERMYER. Is it a usual thing, Mr. Henry, in transactions of this kind, to give participations to officers of national banks and trust companies in New York and elsewhere?

Mr. HENRY. I think so. We have on our syndicate list—this list was made up in our office from our regular syndicate lists, just as all of our syndicates are made up, and we have on our lists officers and directors of all kinds of financial institutions. They are usually prominent and influential people whom one wants to have associated with him in matters of this kind.

Mr. UNTERMYER. When you say you have on your syndicate list the names of certain officers of national banks, do you mean by that that you keep a list of men to whom you offer participation in your syndicates?

Mr. HENRY. We keep three such lists in our office.

Mr. UNTERMYER. How do you divide them?

Mr. HENRY. How do you mean?

Mr. UNTERMYER. You say there are three such lists. Do you mean some for a small issue and some for a larger issue?

Mr. HENRY. Yes; divided partly as to size and partly as to the character of the business.

Mr. UNTERMYER. And on all those lists you have the names of officers of the national banks and other banking institutions as people to whom you offer participations in your syndicates?

Mr. HENRY. I think that bank officers and trust company men and so on are on all these lists. I am not sure, but I think so.

Mr. UNTERMYER. You also have the banks and trust companies themselves on the lists?

Mr. HENRY. Yes.

Mr. UNTERMYER. So that it is not unusual, is it, in forming your syndicates, to give participation to a national bank, or to give participations to the officers of that bank?

Mr. HENRY. Sometimes they are in on the same syndicates and sometimes in different syndicates.

Mr. UNTERMYER. But it is not unusual to give the officers and the banks participations?

Mr. HENRY. No; not unusual.

Mr. UNTERMYER. And you do not think there is anything improper in it?

Mr. HENRY. If we did, we would not do it.

Mr. UNTERMYER. I say you do not think so?

Mr. HENRY. No.

Mr. UNTERMYER. But you do not want to disclose the names of the banks or officers concerned in the transaction, do you?

Mr. HENRY. I do not think it is honorable, Mr. Untermyer, for me to give up the names of our participants.

Mr. UNTERMYER. Then, I say, you do not want to do it.

Mr. HENRY. No.

Mr. UNTERMYER. Have you asked their permission?

Mr. HENRY. No.

Mr. UNTERMYER. You have known that question would be presented to you?

Mr. HENRY. Yes.

Mr. UNTERMYER. And have been so informed?

Mr. HENRY. Yes.

Mr. UNTERMYER. And if there is nothing dishonorable or improper in the fact of officers of national banks participating in the syndicate

in securities that are to be listed on the exchange, and on which banks are to loan money, why do you hesitate to state their names?

Mr. HENRY. Because the relations between the banker and his client, while they are not perhaps perfect privileged relations, such as those that exist between a lawyer and his client or the doctor and his patient, are nevertheless confidential, and it is recognized by all honorable and decent business men that they should not tell the names of their customers unless compelled to do so.

Mr. UNTERMYER. Would that apply to a national bank?

Mr. HENRY. Yes, sir.

Mr. UNTERMYER. You do not think there is anything private about their affairs, do you—the syndicates in which they participate?

Mr. HENRY. I think it is a distinctly private matter between ourselves and the officers of a national bank which is a member of one of our syndicates.

Mr. UNTERMYER. What about the bank itself? Do you think its participation in the syndicate should be regarded as a secret?

Mr. HENRY. So far as we are concerned, it is one of our customers.

Mr. UNTERMYER. I say, do you think it is to be regarded as a secret?

Mr. HENRY. It is not for me to tell it.

Mr. UNTERMYER. Do you think you should regard it as a secret?

Mr. HENRY. So far as my customer is concerned.

Mr. UNTERMYER. So far as the national bank is concerned?

Mr. HENRY. If the bank is one of my customers; yes; I think we ought to keep quiet about it, of course.

Mr. UNTERMYER. You think you should not disclose the fact or the name of a national bank that is a participant in one of your syndicates?

Mr. HENRY. I certainly do.

Mr. UNTERMYER. You think you should maintain secrecy with respect to the officers of the national bank which takes a participation in a syndicate for the marketing of stock on the stock exchange on which his bank may be called on to lend money?

Mr. HENRY. I certainly do.

Mr. UNTERMYER. Now, let us get a little further with this transaction and see what its final result was. You say you formed this $5,000,000 syndicate—$5,000,000 of preferred stock and $2,500,000 of common stock—for $5,000,000?

Mr. HENRY. Plus the accrued interest.

Mr. UNTERMYER. Well, $5,000,000 and interest on the preferred stock?

Mr. HENRY. Yes.

Mr. UNTERMYER. The accruing dividend?

Mr. HENRY. Yes.

Mr. UNTERMYER. Who marketed those securities in that subsyndicate of $5,000,000? Were they marketed?

Mr. HENRY. They were all marketed before the syndicate was formed, practically.

Mr. UNTERMYER. I did not ask you that. Were those securities marketed?

Mr. HENRY. Yes. They were marketed.

Mr. UNTERMYER. How?

Mr. HENRY. By Salomon & Co., Hallgarten & Co., and Lewisohn Bros.

Mr. UNTERMYER. You say you sold that $5,000,000 of preferred stock and $2,500,000 of common stock before you formed that syndicate?

Mr. HENRY. No; but before we confirmed the syndicate participations practically all the syndicate stock was sold.

Mr. UNTERMYER. As I understand you, before you notified your syndicate underwriters that they could have participation in the syndicate, you had already disposed of the syndicate stock for them, had you not?

Mr. HENRY. No, sir; not before we notified them they could have a participation. What we did was to offer them a participation, and before we got in their replies in most cases the stock was all sold.

Mr. UNTERMYER. Then, as I understand you, before they agreed to take——

Mr. HENRY. Yes; that is it.

Mr. UNTERMYER. Before they agreed to take stock in your syndicate you had already sold it at a profit?

Mr. HENRY. That is it.

Mr. UNTERMYER. And at how large a profit?

Mr. HENRY. Well, it worked out——

Mr. UNTERMYER. Eleven points, did it not?

Mr. HENRY. No; about nine and a fraction—9.8 per cent.

Mr. UNTERMYER. That was the profit you realized on that syndicate before the people to whom you offered participation had accepted it?

Mr. HENRY. Well, the whole profit.

Mr. UNTERMYER. How much did that amount to, $450,000?

Mr. HENRY. In that neighborhood, yes; nearly $500,000.

Mr. UNTERMYER. Nearly $500,000 profit. And these bank officers then had a fixed profit of over $50,000 before they were called on to accept their allotments?

Mr. HENRY. Approximately $50,000?

Mr. UNTERMYER. So that in effect what they got was a present, was it not?

Mr. HENRY. It was this time.

Mr. UNTERMYER. Yes; it was a present.

Mr. HENRY. They do not always go that way.

Mr. UNTERMYER. No; I would like my questions answered, if you will answer them.

Mr. HENRY. I beg your pardon.

Mr. UNTERMYER. Do you think it a proper thing to put bank officers in the position or have them put themselves in a position in which they get a large profit on a transaction where they have not even got a legal commitment?

Mr. HENRY. They were perfectly ready to take it.

Mr. UNTERMYER. I did not ask you that. Won't you answer that question?

Mr. HENRY. I think it was in this case, because they did not know whether they had to make the commitment or not. They did not know we were going to sell the stock so quickly.

Mr. UNTERMYER. Let us see about that. I understood you to say before they were called upon to say whether they would take a participation or would not you had already realized this profit? Is not that right?

Mr. HENRY. I——

Mr. UNTERMYER. Won't you answer that question?

Mr. HENRY. I can not answer it unless you will allow me to explain exactly how it was. I said this: Before we got replies from a great many of them we had already sold most of the stock. I can not make a hard and fast statement that we had sold it all, but we sold it all before we heard from many of them.

Mr. UNTERMYER. Don't you know that it was what you have said?

Mr. HENRY. No; I do not think I ever did say that.

Mr. UNTERMYER. Very well.

Mr. HENRY. I want to be very specific about this, because I do not want to give a wrong impression here, that is all.

Mr. UNTERMYER. Then you do not understand that you told us that before you had any of the commitments from the syndicate underwriters you had already realized your profit?

Mr. HENRY. Practically all of it, so we did; but I think I always said practically. If I did not, I want to put it in now, because I do not know the exact date we received these letters in reply from the last underwriters. When you send out a lot of syndicate letters you will get a lot of replies, and some men will answer more quickly than others. Some man may have sent in his reply the very same day, and in that case before we sold the stock he was committed. Those who did not reply were not committed, because the stock had been sold before we got their reply.

Mr. UNTERMYER. Have you here the notice you sent out advising the syndicate underwriters that the syndicate stock had been sold?

Mr. HENRY. Yes.

Mr. UNTERMYER. Will you please produce it. Will you at the same time produce the notice of allotment to the underwriters?

Mr. HENRY. Yes. [Producing papers.] That is September 21; that is the letter we sent out offering participation; and that is the letter of September 24 stating the agreement; and this is the letter of October 21 sending the checks for the profits.

Mr. UNTERMYER. Will you please mark these the letters of September 21 and 24, 1912, and of October 21, 1912?

The letters referred to were thereupon marked, respectively, Exhibits Nos. 160, 161, and 162.

Mr. UNTERMYER. The syndicate underwriters never paid anything, did they?

Mr. HENRY. No, sir.

Mr. UNTERMYER. They did not put up a cent?

Mr. HENRY. They never put up a cent.

Mr. UNTERMYER. No. And they never had possession of any stock, did they?

Mr. HENRY. No, sir. That is, the individuals did not. The syndicate did.

Mr. UNTERMYER. You mean the syndicate managers, Salomon & Co., did?

Mr. HENRY. No; I mean that we kept a record of the syndicate books in our office, and we delivered the stock to the syndicate and sold it out for the syndicate. They were never asked to put up any money, but the stock went through the syndicate's account.

Mr. UNTERMYER. Did you ever deliver to any of the syndicate participants any of the certificates of stock?

Mr. HENRY. No, sir.

Mr. UNTERMYER. Those were all sold by you, were they not?

Mr. HENRY. Yes. They were sold the same day that they were bought. They went right through the books in one day.

Mr. UNTERMYER. You mean, the same day that they were bought by this $5,000,000 syndicate, they were sold again?

Mr. HENRY. They were all sold on the day they were sold to the syndicate so that they went out of the syndicate account the same day that they went into the syndicate account.

Mr. UNTERMYER. But the market certificates of the stock remained with you?

Mr. HENRY. I do not know that I quite follow that, as to just what you mean, Mr. Untermyer.

Mr. UNTERMYER. The syndicate underwriters never received any of the certificates of stock?

Mr. HENRY. No; because the stock had already been sold.

Mr. UNTERMYER. I understand. It was sold the same day that it was bought. It was sold to another syndicate.

Mr. HENRY. Please do not confuse this, Mr. Untermyer. When you have a new security, you know you have a certain delivery day.

Mr. UNTERMYER. I understand that.

Mr. HENRY (continuing). And I think our delivery day was October 2. I can look that up and find out just what it was. I think, however, that it was October 2.

On October 2 we debited the syndicate account with that purchase and credited them with the various sales that were made for the syndicate account. We did not retain any stock. It was sold to the customers and delivered to those who bought it.

Mr. UNTERMYER. This stock was sold to another syndicate, was it not?

Mr. HENRY. No, sir.

Mr. UNTERMYER. It was not? They did not sell it to another syndicate?

Mr. HENRY. No, sir.

Mr. UNTERMYER. It was sold to individual people?

Mr. HENRY. It was sold to individual customers.

Mr. UNTERMYER. Some of whom were members of the syndicate and some of whom were not?

Mr. HENRY. Yes. Some of the syndicate subscribers were very angry because they did not have an opportunity to buy.

Mr. UNTERMYER. Did you understand the question? Some of the people to whom you sold were members of the syndicate?

Mr. HENRY. A very few of them; yes.

Mr. UNTERMYER. Did any of the bank officers become purchasers of any of that stock?

Mr. HENRY. Not that I remember.

Mr. UNTERMYER. All they did was to take their profits from it?

Mr. HENRY. That was all.

Mr. UNTERMYER. None of them ever saw the stock, did they?

Mr. HENRY. You mean none of them ever saw the certificates?

Mr. UNTERMYER. Yes.

Mr. HENRY. I do not think so.

Mr. UNTERMYER. And none of them ever put up any money?

Mr. HENRY. Nor ever put up any money; none of the syndicate did; not only the bank officers, but none of the whole syndicate.

Mr. UNTERMYER (interposing). Yes; I understand. What became of the European syndicate?

Mr. HENRY. I do not know very much about that. We sold the preferred and common stock to them, and they paid for it. That is really about all we know of it. They applied for listing the stock in Paris, and they have got it on the Bourse now in Paris. They have got a syndicate that is going over there now, as far as I know.

Mr. UNTERMYER. But you are not interested in that?

Mr. HENRY. We are not interested in that.

Mr. UNTERMYER. Having now bought this $10,000,000 of preferred and $7,500,000 of common for eight million odd dollars, and having sold it to the two syndicates in the way you have described, did you engage with Messrs. Lewisohn Bros. and Hallgarten & Co. in a market operation in this stock on the New York Stock Exchange?

Mr. HENRY. No; we have sold——

Mr. UNTERMYER. I say, did you engage in such an operation, Mr. Henry?

Mr. HENRY. Will you not let me tell it in my own way, Mr. Untermyer? I can give a much fairer picture of it if you will allow me to do so.

Mr. UNTERMYER. If it does not take too long. It is a very simple question—to know whether you engaged in a market operation or did not.

Mr. HENRY. After we had sold our own stock—we sold all of our own stock before the stock was listed. I want to make that very plain, because the testimony given here in this same case before did not give it right——

Mr. UNTERMYER. Now, Mr. Henry, you are not answering my question. We might go on all day in this way. I will ask you to answer my question.

Did you engage with Lewisohn Bros. and Hallgarten & Co. in a market operation in the California Petroleum stock at about this time?

Mr. HENRY. After the stock was listed on the stock exchange—because we made no market in it up to that time—after the stock was listed on the stock exchange we made a market in the stock, and we have ever since——

Mr. UNTERMYER. When was it listed?

Mr. HENRY. It was listed on Saturday, the 5th of October.

Mr. UNTERMYER. Who prepared the application for listing?

Mr. HENRY. The vice president and the treasurer of the company, in conjunction with the statistician of our office, whose help was engaged because he knew the machinery to go through and they did not.

Mr. UNTERMYER. Between the 5th of October, when the stock was listed on the exchange, and the end of October, who conducted that

market operation on behalf of your firm and Hallgarten and Lewisohn Bros.?

Mr. HENRY. Lewisohn Bros.

Mr. UNTERMYER. For the joint account?

Mr. HENRY. For the account of the original banking group.

Mr. UNTERMYER. Was it for the joint account of those three houses, or was it not? That was the question.

Mr. HENRY. No; because the other house that had an interest of 12½ per cent was still in it.

Mr. UNTERMYER. It was for the joint account of the four?

Mr. HENRY. The original purchasing group; yes, sir.

Mr. UNTERMYER. What stock did Lewisohn Bros. have to market?

Mr. HENRY. They did not have any stock to market.

Mr. UNTERMYER. They had none of your stock, had they?

Mr. HENRY. All the syndicate stock was sold, and all of ours had been sold.

Mr. UNTERMYER. It had all been sold?

Mr. HENRY. Every share of the stock had been sold before the stock was listed.

Mr. UNTERMYER. Whose stock were they buying and selling for this joint account?

Mr. HENRY. They were buying and selling stock that people offered to sell or offered to buy on the stock exchange.

Mr. UNTERMYER. What was the purpose of this market operation engaged in by you four gentlemen, or your four houses, with respect to the stock, when none of you owned any stock?

Mr. HENRY. It was in order to make a market for the stock.

Mr. UNTERMYER. Do you mean that it was done in order to make an apparent activity in it?

Mr. HENRY. Not in order to make an apparent activity in it, but to have somebody there always to buy if anybody wanted to sell it, and somebody there always to sell if anybody wanted to buy it.

Mr. UNTERMYER. Do you not know, Mr. Henry, that the market operator, Lewisohn Bros., were doing the buying and selling themselves every day?

Mr. HENRY. Surely.

Mr. UNTERMYER. In other words, they were putting in orders to buy and orders to sell?

Mr. HENRY. Certainly.

Mr. UNTERMYER. Every morning?

Mr. HENRY. Certainly.

Mr. UNTERMYER. And you were a party to that?

Mr. HENRY. They were acting under our general direction.

Mr. UNTERMYER. Every morning they would give orders to certain brokers to buy and orders to certain brokers to sell?

Mr. HENRY. They would put in selling orders on a scale up and buying orders on a scale down.

Mr. UNTERMYER. Yes.

Mr. HENRY. That is done to steady the price of the stock.

Mr. UNTERMYER. You think so? It is done to make an appearance of activity in the stock, is it not?

Mr. HENRY. No, sir; it is done to steady the price of the stock.

Mr. UNTERMYER. Why should you, for instance, give orders to half a dozen brokers or more to buy a given amount of stock and orders

at the same time to sell stock, with the idea that you would not at the end of the day have any stock either bought or sold?

Mr. HENRY. Will you let me answer that in my own way?

Mr. UNTERMYER. Yes.

Mr. HENRY. When a new stock is put on the exchange, on any great exchange like the New York Stock Exchange, there is one thing that is very necessary and that is that its price shall be steadied. When you have no active market in a stock, when you are building up an active market in a new stock, the first thing a banking house does, what it wants to do, and what it must do, whether it makes a profit or a loss out of it, is to steady the price of the stock. If people come in to buy six or seven thousand shares of stock, and there is not much around, if they do not sell the stock it will be bid away up and have a big advance. On the other hand, if somebody comes in to sell six or seven thousand shares and there are no large buying orders in there the price of the stock is going to be a great deal lower than it would be otherwise. If you put in buying orders on a scale down and selling orders on a scale up the effect of that is to steady the price of the stock. Its fluctuation is not as violent or as wide as it would be otherwise.

Mr. UNTERMYER. You are a believer, then, in manipulation, Mr. Henry?

Mr. HENRY. I do not know anything about manipulation.

Mr. UNTERMYER. Is not the process you have just described the process of manipulation?

Mr. HENRY. I do not think so.

Mr. UNTERMYER. You say you do not know anything about it?

Mr. HENRY. I do not think the process I have just described is what is usually termed manipulation.

Mr. UNTERMYER. If a banking house wants to protect a new stock, why does it not simply buy that stock from outsiders who offer it instead of trading in it by buying and selling itself?

Mr. HENRY. Because you can not make only one side of a market. You have to make both sides of the market.

Mr. UNTERMYER. And why can it not buy that stock and sell it, when it is acquired, instead of putting in orders every day—buying orders on a scale and selling orders on a scale—for the purpose of creating an apparent activity in that stock that does not exist?

Mr. HENRY. It does not do anything of the kind, Mr. Untermyer.

Mr. UNTERMYER. Do you not know, Mr. Henry, that when you are trying to make a market for a stock in that way, by putting in buying and selling orders by different brokers for the same house, that you are creating a fictitious appearance of activity?

Mr. HENRY. You would be if they were at the same price.

Mr. UNTERMYER. But even if there is a difference of one-eighth in the price?

Mr. HENRY. Not an eighth. If you put in a scale of selling orders above a price and a scale of buying orders below a price, I see no manipulation about that.

Mr. UNTERMYER. You see no manipulation in that at all?

Mr. HENRY. No, sir.

Mr. UNTERMYER. What do you understand manipulation to be? What is your idea of manipulation?

Mr. HENRY. I suppose it might be defined as matching orders.

Mr. UNTERMYER. Do you not understand, Mr. Henry, that matching orders and manipulation are different things?

Mr. HENRY. I know very little about manipulation. I have no personal experience, Mr. Untermyer.

Mr. UNTERMYER. But that is because you do not think this is manipulation that you have been doing?

Mr. HENRY. I do not know what term you want to use. What we have been doing is to steady the price. It is not manipulation.

Mr. UNTERMYER. Let us see about that. How many shares were dealt in during the month of October by Lewisohn Bros. under this joint arrangement?

Mr. HENRY. I could not tell you; but it is a great many.

Mr. UNTERMYER. We have here a statement that during those I think 19 or 20 days of October Lewisohn Bros., under this joint arrangement, purchased 149,600 shares and sold 172,900 shares, and I understand you to say in that connection that they started without any shares?

Mr. HENRY. Yes; we did not have any stock when we——

Mr. UNTERMYER (interposing). According to that they were short; your syndicate operations in this operation were short about 23,000 shares, were they not?

Mr. HENRY. No; because we got some stock from Mr. Doheny and Mr. Canfield later on.

Mr. UNTERMYER. Do you know whether you made any money in this market operation?

Mr. HENRY. I think we lost money in it.

Mr. UNTERMYER. You think you lost?

Mr. HENRY. Yes.

Mr. UNTERMYER. You expected to lose money, did you not?

Mr. HENRY. We did.

Mr. UNTERMYER. You were in it to lose money?

Mr. HENRY. Yes.

Mr. UNTERMYER. And you were willing to lose money in order to make this appearance of activity in the market?

Mr. HENRY. Not to make any fictitious appearance of activity.

Mr. UNTERMYER. You think it was real?

Mr. HENRY. We were willing to lose money to give the stock a real market. That is what we have done.

Mr. UNTERMYER. What is the difference between a real market and a fictitious market?

Mr. HENRY. A great deal of difference.

Mr. UNTERMYER. Explain it.

Mr. HENRY. A real market means that if a man has stock to sell he can go and sell it and find a buyer who will buy it and pay money for it, that that if he wants to buy he can go and buy it and find a seller who will sell it and deliver it to him, and he will be able to give a check and become the owner of it. That is what I mean by a real market. That is what has existed in California petroleum ever since it has been on the board.

Mr. UNTERMYER. Suppose this real market has been created at fictitious prices for the stock; that is, by increasing the price of the stock over and above what it would be in a free market where there was no manipulation?

Mr. HENRY. If you come to talk about fictitious prices, Mr. Untermyer, the only thing I am willing to admit is that all these prices have been fictitiously low on California petroleum.

Mr. UNTERMYER. Never mind about that. We are not discussing the merits of the property at all, but we are discussing the stock market operations in the property.

Mr. HENRY. I know, but——

Mr. UNTERMYER (interposing). At what price did the stock start?

Mr. HENRY. We sold all the syndicate stock at 40 and all of our own stock—we sold 21,185 shares at 40 and 3,043 shares at 45. Forty-five was the top price that we got for any of our own stock.

Mr. UNTERMYER. Having sold your stock at 40 and 45——

Mr. HENRY. I would like to make a point of that, there——

Mr. UNTERMYER. Will you not let me finish my question?

Mr. HENRY (continuing). Because that has gone in the record wrong.

Mr. UNTERMYER. I beg your pardon. What is it that you desire to say?

Mr. HENRY. I have seen it in every newspaper in New York that we sold out the stock at 70, which is not the case.

Mr. UNTERMYER. Well, just wait a minute.

Mr. HENRY. It is not fair to us in this examination that a statement should be put out that is not so.

Mr. UNTERMYER. I am perfectly willing, Mr. Henry, that you should make any statement that you want to make on the subject. Have you stated all that you want to say about it?

Mr. HENRY. Thank you. That is all at the moment.

Mr. UNTERMYER. Having sold your stock in the way you have stated, you went into the market and bought and sold stock around 70?

Mr. HENRY. We did not do any selling to speak of around 70.

Mr. UNTERMYER. Did you not put in buying and selling orders around 70?

Mr. HENRY. We mostly got landed with the stock——

Mr. UNTERMYER. Will you not answer my question? Do you not know that Messrs. Lewisohn Bros. were operating in the stock around 70 under buying and selling orders?

Mr. HENRY. They were operating in it at every price.

Mr. UNTERMYER. And they were operating in it around 70, were they not?

Mr. HENRY. Yes; they were operating in it around 70 and, I think, at 72. I do not remember when it sold at 72.

Mr. UNTERMYER. How high did the stock go under this process of buying and selling orders?

Mr. HENRY. Under what process of buying and selling orders?

Mr. UNTERMYER. How high did the stock go?

Mr. HENRY. I think the highest price at which the stock was sold was 72 and a fraction.

Mr. UNTERMYER. When did the stock reach this highest price?

Mr. HENRY. I do not remember that. It was shortly after it went on the board.

Mr. UNTERMYER. In the month of October?

Mr. HENRY. Oh, yes.

Mr. UNTERMYER. At what is it selling now?

Mr. HENRY. About 50.
Mr. UNTERMYER. 50?
Mr. HENRY. I think so.
Mr. UNTERMYER. Meantime the public came in very largely, between 50 and 70, did it not?
Mr. HENRY. I suppose so.
Mr. UNTERMYER. Are you still maintaining this stock-exchange pool through Lewisohn?
Mr. HENRY. What stock-exchange pool?
Mr. UNTERMYER. Are you still maintaining this joint operation on the stock exchange?
Mr. HENRY. We are buying and selling it every day for the account of the original banking group.
Mr. UNTERMYER. Every day?
Mr. HENRY. Yes, sir.
Mr. UNTERMYER. And you are putting in buying and selling orders?
Mr. HENRY. Yes, sir. We are doing our best to——
Mr. UNTERMYER. What are your buying and selling orders now?
Mr. HENRY. I could not tell you that. I do not handle that personally.
Mr. UNTERMYER. I thought you consulted every day about it?
Mr. HENRY. No; not every day.
Mr. UNTERMYER. But you frequently consult about it?
Mr. HENRY. Not in this stage of the situation. Their general instructions are to steady the market of the stock and to put in buying orders below the price and selling orders above it.
Mr. UNTERMYER. What is the scale? What is the difference between the buying and selling orders from day to day?
Mr. HENRY. That depends entirely on the market situation.
Mr. UNTERMYER. Well, what was the scale yesterday, for instance?
Mr. HENRY. I do not know. I was down here yesterday.
Mr. UNTERMYER. What was the scale the last time you knew the graded scale on which they would be put in?
Mr. HENRY. A scale like that, Mr. Untermyer, will change half a dozen times a day, depending upon the activity of the market. Sometimes we do it on one-eighth and sometimes on points and sometimes on half points. The amount you will take at different prices down and the amount you will take at different prices up depends on the breadth and activity of the rest of the market.
Mr. UNTERMYER. It depends on the activity of the market in that particular stock, does it not?
Mr. HENRY. Not so much upon that as upon the general market. In introducing a new stock, the point you are working at all the time is to have the stock move in accordance with the rest of the market. If the rest of the market goes up, you want your stock to go up, and if the rest of the market goes down, you want your stock to go down.
Mr. UNTERMYER. You want your stock to go with the rest of the market?
Mr. HENRY. Yes. You always want it to be a little better than the rest of the market.
Mr. UNTERMYER. And to put it up or down with the rest of the market?
Mr. HENRY. You want it to move naturally.

Mr. UNTERMYER. Do you call that moving naturally?

Mr. HENRY. Yes.

Mr. UNTERMYER. When you put it up or down?

Mr. HENRY. You do not put it up or down.

Mr. UNTERMYER. Who do you give these orders to let it go with the rest of the market, except to put it up or down with the rest of the market?

Mr. HENRY. Because if the rest of the market goes up, you do not want your stock to lag behind; and if the rest of the market goes down, you do not want your stock to stand up as a target, regardless of the rest of the market.

Mr. UNTERMYER. Why not?

Mr. HENRY. Because it is important on the market, when a stock is not thoroughly digested, and especially when it is not strictly an investment stock, but is a semispeculative stock, that we try to avoid having it held up artificially. We do not want to do anything artificial. If we were to hold it up artificially, that would make a target of it.

Mr. UNTERMYER. So that you do not consider this operation you have described as having any artificial effect on the market?

Mr. HENRY. No, sir.

Mr. UNTERMYER. Not at all?

Mr. HENRY. I think they neutralize——

Mr. UNTERMYER (interposing). You think the market on that stock would be quite the same—the natural market—if you did not operate in it at all?

Mr. HENRY. I will not say that. I think the stock has a much better market and a wider market to-day, because we have been operating in it, than it would have if we had not been operating in it.

Mr. UNTERMYER. That is not the question.

Mr. HENRY. And all that has gone to the benefit of the men who own the stock.

Mr. UNTERMYER. Will you not answer my questions, Mr. Henry?

Mr. HENRY. I will try to do so; certainly.

Mr. UNTERMYER. My question is whether you believe that it is not an artificial interference with the market for you to be operating in this stock exchange syndicate?

Mr. HENRY. No, sir; I do not think it is.

Mr. UNTERMYER. You do not?

Mr. HENRY. No, sir.

Mr. UNTERMYER. You feel that the market in California petroleum would be exactly the same if you and your associates did not maintain this daily operation?

Mr. HENRY. No, I do not. I think it would be very different.

Mr. UNTERMYER. Then, if it would be different, do you not realize, Mr. Henry, that this is an artificial interference with the natural course of the market?

Mr. HENRY. No, sir; I do not.

Mr. UNTERMYER. You do not? Then I do not think I want to ask you any more about that.

To what extent was your firm a participant in the $5,000,000 syndicate?

Mr. HENRY. I do not recollect. We did not have very much. I think it was about a quarter of a million that we kept in it.

Mr. UNTERMYER. And your associates; did they have much?

Mr. HENRY. No; not very much; and none of them had as much as they wanted.

Mr. UNTERMYER. You formed the syndicate, did you not?

Mr. HENRY. Yes.

Mr. UNTERMYER. And you could take as much as you wanted, could you not?

Mr. HENRY. We could if we——

Mr. UNTERMYER. I say, you could take as much as you wanted, could you not?

Mr. HENRY. If we had decided originally that we would do that.

Mr. UNTERMYER. You volunteered the statement a moment ago that none of you had as much as you wanted.

Mr. HENRY. Yes.

Mr. UNTERMYER. You had $2,500,000 of the stock that did not cost you anything, did you not?

Mr. HENRY. Of the common stock, you mean?

Mr. UNTERMYER. Yes.

Mr. HENRY. Yes; approximately $2,500,000.

Mr. UNTERMYER. That was the speculative stock, was it not—the common stock?

Mr. HENRY. Yes.

Mr. UNTERMYER. That is the stock in which this market was made, largely?

Mr. HENRY. Yes.

Mr. UNTERMYER. And, having $2,500,000 of the common stock that had cost you nothing, and making up this syndicate yourself, with the right to give yourselves as much as you wanted, do I understand you to say that you did not get as much as you wanted?

Mr. HENRY. Yes; because everybody that we offered it to, practically, accepted; so that we were left with less than we hoped we would have.

Mr. UNTERMYER. That is true of your associates, too, is it?

Mr. HENRY. I think so. I think it was true of all of them.

Mr. UNTERMYER. That being so, and the stock being so much sought after, why did you sell your $2,500,000 worth so low, instead of waiting for it to go up?

Mr. HENRY. Because we did not want to do that.

Mr. UNTERMYER. That is all you have to say about it, is it? Have you completed your answer?

Mr. HENRY. To this particular question?

Mr. UNTERMYER. Yes.

Mr. HENRY. I would like to add this to it: That we did not want the stock to go up as quickly or as violently as it did. We were doing all we could to keep it down. We wanted to have the stock thoroughly digested between 40 and 50. The market took it out of our hands, however, and ran it up to 70 in spite of us. That is the real situation.

Mr. UNTERMYER. Let us see about that. This was a property that was wholly unknown when it went on the stock exchange, was it not?

Mr. HENRY. I do not know what you mean by "unknown." I do no think it was.

Mr. UNTERMYER. Was it not, Mr. Henry, an unknown property in the East?

Mr. HENRY. Not wholly, no; not among the people who know. Our operations in this stock went back to just about a year ago. It was a year ago last December——

Mr. UNTERMYER. Will you not answer my question, Mr. Henry?

Mr. HENRY. I am trying to do so.

Mr. UNTERMYER. This California Petroleum Co. was organized in September, 1912, was it not?

Mr. HENRY. Yes.

Mr. UNTERMYER. That was a new name, was it not?

Mr. HENRY. It was a new name.

Mr. UNTERMYER. That is what I asked you.

Mr. HENRY. Yes.

Mr. UNTERMYER. The speculators in the Street had never heard of it before, had they?

Mr. HENRY. The speculators in the Street?

Mr. UNTERMYER. Yes.

Mr. HENRY. No; I do not think so.

Mr. UNTERMYER. And the people in the oil business did not know the name "California Petroleum Co.," did they?

Mr. HENRY. They knew all about the properties, yes, that the California Petroleum Co. owned.

Mr. UNTERMYER. The operations in this stock during the month of October were largely on behalf of the room traders and speculators, were they not?

Mr. HENRY. I do not know, really, who contributed most of these transactions.

Mr. UNTERMYER. How many stockholders are there to-day on the stock list?

Mr. HENRY. Of these two companies?

Mr. UNTERMYER. No; of the California Petroleum Co.

Mr. HENRY. I think I have that here.

Mr. UNTERMYER. Let me know. How many stockholders are there to-day?

Mr. HENRY. I do not think I have got that here, after all. Just a moment. I may have it here, too.

Mr. DE GERSDORFF. We can supply that, Mr. Untermyer.

Mr. UNTERMYER. I would like to know.

Mr. HENRY. I have not got it. I am sorry. I could very readily get that as of——

Mr. UNTERMYER. You have no recollection of the matter, have you?

Mr. HENRY. There were a great many hundred.

Mr. UNTERMYER. That is very indefinite. I am speaking of the California Petroleum Co., you understand.

Mr. HENRY. Yes.

Mr. UNTERMYER. Have you seen the stock list lately?

Mr. HENRY. No, sir; I have not.

Mr. UNTERMYER. Are there as many as 200 stockholders?

Mr. HENRY. I should say there were nearer 2,000.

Mr. UNTERMYER. But you can not give us the information any more definitely?

Mr. HENRY. I can give you the exact number as of, I think it was, the 14th of December, when the books were closed for the dividend.

Mr. UNTERMYER. That is near enough. How many were there then?

Mr. HENRY. I can get it for you.

Mr. UNTERMYER. Oh. You have not got it in your mind?

Mr. HENRY. No. That was the day we closed the books, and the trust company will have a record of that.

Mr. UNTERMYER. Do you know how much stock was sold between 50 and 70?

Mr. HENRY. I can tell you how much we sold.

Mr. UNTERMYER. Do you mean through Lewisohn Bros.?

Mr. HENRY. I mean through our banking group.

Mr. UNTERMYER. No, no. I mean on the exchange, how much was sold?

Mr. HENRY. No; I have not got that.

Mr. UNTERMYER. Between those figures?

Mr. HENRY. I could not give you that. I think you have that, Mr. Untermyer.

Mr. UNTERMYER. No.

Mr. HENRY. Did not Mr. Lewisohn put that in evidence?

Mr. UNTERMYER. I do not think so.

Mr. HENRY. It would be between about 62½ and 70. I think it went on the exchange about 62½ or 64, or somewhere around there.

Mr. UNTERMYER. The committee desires to know the names of national banks and officers of national banks who participated in this syndicate operation of the California Petroleum Co.

Mr. HENRY. Mr. Untermyer, I very greatly regret that I do not feel at liberty to give the committee that information.

Mr. UNTERMYER. You decline to do so?

Mr. HENRY. Yes, sir; I respectfully decline to do so.

The CHAIRMAN. I will state, as chairman of the committee, that it becomes my duty to inform you, Mr. Henry, that your declination to answer this question, which the committee considers within its jurisdiction under the resolution referring this inquiry to it, will be reported to the general committee as a contempt of the authority of the House, for such action as the entire committee and the House may see fit to take in the premises, if you persist in your declination.

Mr. HENRY. Yes, sir; I realize that, Mr. Chairman.

The CHAIRMAN. The committee does not feel that it is asking any question that it has not the right to ask. It has considered the memorandum in your behalf that has been submitted to it, and feels that it is its duty to propound this question, particularly with relation to national-banking institutions and officers taking part in this operation involving securities of corporations doing business between the States.

Mr. HENRY. I understand.

Mr. UNTERMYER. Do you also decline to state the name of the fourth partner in your syndicate?

Mr. HENRY. Yes.

Mr. UNTERMYER (continuing). Who had an interest of 12½ per cent?

Mr. HENRY. Yes; I do, Mr. Untermyer.

Mr. UNTERMYER. Are you a director in this company?

Mr. HENRY. I am.

Mr. UNTERMYER. And a member of the finance committee?

Mr. HENRY. Yes, sir.

Mr. UNTERMYER. And were you such in October, when this stock was put upon the list?

Mr. HENRY. I was.

Mr. UNTERMYER. Are other members of your firm directors?

Mr. HENRY. No, sir; I am the only one from our firm.

Mr. UNTERMYER. When your corporation applied to have this stock listed, were you a member of the finance committee?

Mr. HENRY. I was.

Mr. UNTERMYER. Were you the chairman of that committee?

Mr. HENRY. I do not think we have ever elected a chairman.

Mr. UNTERMYER. Was the application made under your direction?

Mr. HENRY. Not directly. It was made by the company.

Mr. UNTERMYER. But was the application prepared under your direction and that of the statistician of your office?

Mr. HENRY. It was prepared by the vice president and by the treasurer of the company, both of whom were in New York at the time, with such help as they got from our statistician, because he was familiar with the procedure that the listing committee required.

Mr. UNTERMYER. Did you take part in the preparation of the application?

Mr. HENRY. I looked it over after it was finished.

Mr. UNTERMYER. And did you take it to the stock exchange?

Mr. HENRY. I appeared before the committee.

Mr. UNTERMYER. And urged the listing of the security?

Mr. HENRY. I requested it; yes, sir.

Mr. UNTERMYER. You understood, did you not, that when the security was listed it would become available as collateral in stock-exchange loans?

Mr. HENRY. I supposed it would after a reasonable length of time; yes.

Mr. UNTERMYER. Is it not a fact, Mr. Henry, that loans made on the stock exchange are made only on securities that are listed on the stock exchange?

Mr. HENRY. I think that is the rule; but Ido not think it is lived up to.

Mr. UNTERMYER. That is the rule at the loan stand, is it not, that it has to be all listed stock-exchange collateral?

Mr. HENRY. I think they often put in things that are not listed. I am not familiar with the regulation about it.

Mr. UNTERMYER. One of your purposes in having the stock listed was to make it available as collateral, was it not?

Mr. HENRY. No, sir; that was not one of our purposes.

Mr. UNTERMYER. It was not?

Mr. HENRY. No, sir.

Mr. UNTERMYER. That had nothing to do with it?

Mr. HENRY. That had nothing to do with our purposes in it.

Mr. UNTERMYER. In order to be readily marketable it had to be listed?

Mr. HENRY. It did not have to be. It was all marketed before it was listed.

Mr. UNTERMYER. No; but in order to be marketable, publicly marketable?

Mr. HENRY. Marketable?

Mr. UNTERMYER. Yes.

Mr. HENRY. It was much better to have it listed; yes. It was much better to have it listed.

Mr. UNTERMYER. Do you know of any stock that is readily, freely marketable that is not a listed stock?

Mr. HENRY. I think I probably could recall instances.

Mr. UNTERMYER. Can you recall any to-day where a stock that is not listed is readily marketable?

Mr. HENRY. I do not think you would wait very long to get Temple Iron Co. stock off your hands, if you had it.

Mr. UNTERMYER. That is not marketable to-day, is it?

Mr. HENRY. I think it is dissolved

Mr. UNTERMYER. Is it marketable? Is there any of it outstanding?

Mr. HENRY. I think it has been dissolved.

Mr. UNTERMYER. Is there any of it outstanding?

Mr. HENRY. I do not know whether there is or not.

Mr. UNTERMYER. Did you ever hear of its being dealt in on the stock exchange?

Mr. HENRY. When it was not listed?

Mr. UNTERMYER. Did you ever hear of its being dealt in publicly and having a free market?

Mr. HENRY. No; but it always commanded a market. The Temple Iron Co.'s stock always commanded a market.

Mr. UNTERMYER. It was not a readily, freely marketable stock, was it?

Mr. HENRY. Anybody that had it could sell it.

Mr. UNTERMYER. Was it freely bought and sold and dealt in?

Mr. HENRY. Anybody that had it could sell it. I think Atlas Portland Cement stock is another instance of stock that was quite actively traded in at one time and was never on the stock exchange.

Mr. UNTERMYER. I am asking you to tell me the name of any stock to-day being dealt in—to-day or this month—that is freely marketable that is not listed. Can you tell me of one, if there is one?

Mr. HENRY. I think the Chicago Elevated Railways, preferred, would probably be a type of that. Whoever would have that stock would be able to sell it all right.

Mr. UNTERMYER. Is that a marketable stock, sold from day to day in New York?

Mr. HENRY. No; I do not think it is.

Mr. UNTERMYER. Do you not know what I am asking you about, Mr. Henry?

Mr. HENRY. You mean is there any stock to-day that has an active market which is not on the exchange?

Mr. UNTERMYER. Yes; that is what I mean.

Mr. HENRY. Its activity comparing over the counter and on the curb with that of stock that is listed on the exchange?

Mr. UNTERMYER. Do you not know what is active stock?

Mr. HENRY. I am trying to see whether I understood you.

Mr. UNTERMYER. I think you do. You know what active stock is, do you not?

Mr. HENRY. There are plenty of stocks on the curb that have an active market.

Mr. UNTERMYER (interposing). They are listed on the curb, are they not?

Mr. HENRY. Some of them are listed on the curb and some of them are not. There is a lot of activity in plenty of stocks which are not on the exchange.

Mr. UNTERMYER. You want the committee to understand, do you, Mr. Henry, that in applying to have this stock listed you and your associates did not have in mind making it actively marketable?

Mr. HENRY. No, sir; I do not want to say anything of the kind, because that is just what we did have in mind.

Mr. UNTERMYER. That is what you did have in mind?

Mr. HENRY. Yes.

Mr. UNTERMYER. That is what we have been trying to find out.

You knew, did you not, Mr. Henry, that if the stock was put upon the regular list it would be quoted on that list, and that those quotations would be carried throughout the country?

Mr. HENRY. Yes, sir.

Mr. UNTERMYER. You knew that the quotations of the listed stock of the New York Stock Exchange are carried in the newspapers, through the mails, and over the telegraphs throughout the United States?

Mr. HENRY. I think so.

Mr. UNTERMYER. That is all.

Mr. HENRY. I would like to read to the committee a memorandum prepared for me by Senator Spooner in regard to my declination to answer the question propounded to me a little while ago. May I read it?

Mr. UNTERMYER. Certainly.

Mr. HENRY. I declined to answer the question, upon the advice of counsel that the committee is without jurisdiction to require the information called for, upon the grounds:

1. That the subject matter is one in respect to which the Congress is without power to legislate.

2. That the question is an unlawful intrusion into the private affairs of a citizen under the fourth and fifth amendments to the Constitution of the United States.

3. Generally, that the committee is not lawfully entitled to compel the information called for.

Mr. UNTERMYER. It is your idea, Mr. Henry, that the participation of national banks and officers of national banks in any syndicate operations affecting securities that are listed on the stock exchange and carried through the mails and over the telegraphs all over the United States is not a competent subject of congressional inquiry?

Mr. HENRY. No, sir; I do not think that that says that, because we have given you, Mr. Untermyer, all the information that it seems to me has any bearing on that point. We have said there were no national banks in; that there were 15 officers of these national banks in it. We have given you all the information of that kind that it seems to me has any bearing on this thing. I very much hope that the committee will not find it necessary to press that question. It seems to me that I have come down here and given you all the information that I can. I have not kept back a thing and have given the complete story of a very interesting and recent operation on the New York Stock Exchange; I have given you our profits; I have given you the terms of our syndicate; I have given you the full ma-

[illegible] the way the transaction was handled; and I [illegible] information as to the composition of the syndi- [illegible] names and so on were in it and were not in it; and [illegible] will not find it necessary to press for the

[illegible] Do you not realize, Mr. Henry, that in the ab- [illegible] of the officers of the national banks who have [illegible] syndicate a reflection is left upon other officers [illegible] in New York City who may not engage in that [illegible].

[illegible] do not.

[illegible]. And that it is only just to them that these names [illegible].

[illegible] do not know anything about——

[illegible] (continuing). That it is only just that the names [illegible] of those who had anything to do with that sort of

[illegible] I do not see why there should be any reflection on [illegible] not gone in, because I do not see any reflection on [illegible].

[illegible] this statement plainly that we are not ashamed of [illegible] participated, and we have no reason to suppose [illegible] these men would have the slightest hesitation in [illegible] that he was a member of the syndicate.

[illegible]. Then why do you not inquire of them and get [illegible] to give their names?

[illegible] because I do not think it is a proper thing to do.

[illegible]. You have had two weeks' notice that the com- [illegible] this question to you.

[illegible] I have, but I do not consider that it is a proper [illegible].

[illegible]. Have you any other reason for not asking their [illegible] their names?

[illegible]. No, I have no other reason except that I do not [illegible] thing to do.

[illegible]. I want to state that the committee appreciate the [illegible] testified without evasion and with a desire on [illegible] such facts as you consider you should furnish, [illegible] of counsel where you have come to a different [illegible] committee also wants to express through its [illegible] considers it the duty of every citizen who believes [illegible], when summoned, to come here and furnish [illegible] information as he may have relating to a [illegible]. And the committee would regret exceed- [illegible] have to take action that it has decided to take [illegible] to the full committee for its determination [illegible] House should be asked to certify your name to [illegible], but the committee must exercise its power. [illegible] somewhere, and naturally the witness or his [illegible] the judge of that power.

[illegible]. All right, sir.

[illegible]. Why do you not ask the permission of these [illegible] furnish their names?

Mr. HENRY. Because I do not think it is a proper thing for us to do.

Mr. UNTERMYER. Even if they are willing?

Mr. HENRY. It is not honorable, and it is not good business.

Mr. UNTERMYER. You say their participation in the syndicate is nothing of which they should be ashamed?

Mr. HENRY. Yes.

Mr. UNTERMYER. Or which they should seek to hide?

Mr. HENRY. Most emphatically.

Mr. UNTERMYER. That being the case, if they agree with you, why do you not inquire and find out whether you can give their names?

Mr. HENRY. If they feel as I do about it they may volunteer to do it. I am not going to ask them.

Mr. UNTERMYER. That is all.

The CHAIRMAN. You will get that information here to-day by telephone so as not to delay the record?

Mr. HENRY. Yes; I will do so, Mr. Chairman.

Mr. UNTERMYER. Your counsel asks me to inquire of you, Mr. Henry, as to what is the business of the California Petroleum Co. Is it a holding company?

Mr. HENRY. The California Petroleum Corporation is the full name of it. It is a holding company.

Mr. UNTERMYER. And it holds the securities of what companies?

Mr. HENRY. The American Petloreum Co. and the American Oil Fields Co.

Mr. UNTERMYER. Does it hold all the securities of those companies?

Mr. HENRY. No; there is a small amount of stock outstanding.

Mr. UNTERMYER. But practically all in both cases?

Mr. HENRY. It owns about 98 per cent of the stock.

Mr. UNTERMYER. The business of the American Petroleum Co. and the American Oil Fields Co. is what?

Mr. HENRY. It is the business of producing and selling oil exclusively in the State of California.

Mr. UNTERMYER. Let us see about that. Which is the producing company and which is the selling company, or are they both producing companies?

Mr. HENRY. They are both producing companies.

Mr. UNTERMYER. Have they refineries?

Mr. HENRY. One of them has a topping plant, what we call a topping plant.

Mr. UNTERMYER. Where is that?

Mr. HENRY. In the Midway field.

Mr. UNTERMYER. In what part of California is that?

Mr. HENRY. It is about a third of the way from Los Angeles to San Francisco.

Mr. UNTERMYER. And does it refine oil there?

Mr. HENRY. It tops its oil.

Mr. UNTERMYER. And after the oil is tapped; that is, divided into distillate and crude oil?

Mr. HENRY. Yes.

Mr. UNTERMYER. What is done with the distillates?

Mr. HENRY. My understanding of that is that all the oil produced by that company is sold to the producers' agency in the State of California.

Mr. UNTERMYER. Well, do you know personally?

Mr. HENRY. The topping plant has been of such a recent date—we only put it up last month—that I do not know how it disposes of the distillate. I know previous to its installation all the oil that both companies produced was sold in California.

Mr. UNTERMYER. But now that it produces distillates, don't you know that the oil company disposes of its distillates?

Mr. HENRY. I do not think it does.

Mr. UNTERMYER. Do you know whether it does or not?

Mr. HENRY. No; but I do not think it does.

Mr. UNTERMYER. Do you know whether it disposes of those distillates all over the United States?

Mr. HENRY. I am sure it does not do that.

Mr. UNTERMYER. Where does it dispose of its distillates?

Mr. HENRY. In the State of California.

Mr. UNTERMYER. To whom?

Mr. HENRY. To one of the big companies.

Mr. UNTERMYER. But to what company?

Mr. HENRY. There are three or four companies, the Union——

Mr. UNTERMYER. To which company does it sell them, since you say you know it?

Mr. HENRY. I think it sells to the producers' agency.

Mr. UNTERMYER. But you do not know?

Mr. HENRY. I do not know, because it has only been started six weeks ago.

Mr. UNTERMYER. Have you any pipe lines?

Mr. HENRY. No; except field lines.

Mr. UNTERMYER. You have pipe lines in the fields?

Mr. HENRY. Just a gathering system to turn it over to the main company.

Mr. UNTERMYER. To what pipe line do you turn over your crude oil as turned over by your gathering lines in that field?

Mr. HENRY. The American Petroleum Co.; all of the oil is sold to the Agency Oil Co., and——

Mr. UNTERMYER. Is that under a written contract?

Mr. HENRY. Under contract for all we produce.

Mr. UNTERMYER. Deliverable at its refineries?

Mr. HENRY. No; they buy it from us in the field.

Mr. UNTERMYER. Are those transactions of record, by written agreements?

Mr. HENRY. Yes.

Mr. UNTERMYER. Have you them?

Mr. HENRY. I have not them here.

Mr. UNTERMYER. But you have them?

Mr. HENRY. I have not them in New York. They are out in California.

Mr. UNTERMYER. Will you furnish them to the committee, rather than to have us rely upon the vague knowledge or impression of yourself?

Mr. HENRY. I can furnish the facts to you.

Mr. UNTERMYER. Can you not furnish the contracts?

Mr. HENRY. I have not got the contracts, Mr. Untermyer.

Mr. UNTERMYER. Can you not get them? You are a director of the company and the head of the finance committee.

Mr. HENRY. I can furnish the facts to you.

Mr. UNTERMYER. No; I am asking you now for the contracts. They will tell us the facts, will they not?

Mr. HENRY. Yes; but there may be a great many other things in the contracts that have nothing to do with your inquiry.

Mr. UNTERMYER. Never mind about that. If your oil is handled under a contract in writing the question is whether you will furnish us that contract?

Mr. HENRY. There may be a great many other things in the contract that our company will not feel it is good business to disclose.

Mr. UNTERMYER. You will not tell us whether or not you will furnish them, or that you can not get them?

Mr. HENRY. I can not tell you I will or will not, because I do not know whether I can get them or not.

Mr. UNTERMYER. That is all, unless there is something else you want to say.

Mr. HENRY. I would like to talk a little about my stock, but——

Mr. UNTERMYER. No; this is not the place to boom stocks.

Mr. HENRY. It ought not to be the place, Mr. Untermyer.

Mr. UNTERMYER. That is all.

Mr. HENRY. All right, sir.

Witness excused.

Mr. UNTERMYER. Is Mr. McCormack here?

Mr. MCCORMACK. Yes.

TESTIMONY OF MR. M'CORMACK.

The witness was sworn by the chairman.

Mr. UNTERMYER. Are you a member of the Consolidated Stock Exchange?

Mr. MCCORMACK. No, sir.

Mr. UNTERMYER. Are you a member of the New York Stock Exchange?

Mr. MCCORMACK. No, sir.

Mr. UNTERMYER. What is your business?

Mr. MCCORMACK. I am a curb member.

Mr. UNTERMYER. A member of the New York Curb Association?

Mr. MCCORMACK. Yes.

Mr. UNTERMYER. You are engaged in business as a stock broker in New York?

Mr. MCCORMACK. Yes, sir.

Mr. UNTERMYER. How long have you been so engaged?

Mr. MCCORMACK. Sixteen or seventeen years.

Mr. UNTERMYER. Have you held any official position with the New York Curb Association?

Mr. MCCORMACK. Yes.

Mr. UNTERMYER. What position?

Mr. MCCORMACK. Chairman of the board of representatives.

Mr. UNTERMYER. Chairman of the board of directors?

Mr. MCCORMACK. Representatives.

Mr. UNTERMYER. Is that your form of organization, that you have a board of representatives?

Mr. McCORMACK. Yes, sir.
Mr. UNTERMYER. Consisting of how many men?
Mr. McCORMACK. Fifteen.
Mr. UNTERMYER. Has the curb association a constitution and by-laws?
Mr. McCORMACK. Yes, sir.
Mr. UNTERMYER. Will you please produce a copy of them?
Mr. McCORMACK. Yes [producing paper].
Mr. UNTERMYER. When were they enacted?
Mr. McCORMACK. In the month of January, 1911.
Mr. UNTERMYER. I will ask to have that marked in evidence as Exhibit No. 163.

The paper referred to was marked "Exhibit No. 163, January 7, 1913."

Mr. McCORMACK. I would like to correct that. In the month of March, 1911.
Mr. UNTERMYER. Is it an incorporated association?
Mr. McCORMACK. No.
Mr. UNTERMYER. It is a voluntary association?
Mr. McCORMACK. Yes.
Mr. UNTERMYER. What is its membership?
Mr. McCORMACK. Three hundred and sixteen.
Mr. UNTERMYER. Have you securities listed?
Mr. McCORMACK. Yes, sir.
Mr. UNTERMYER. How many securities are on the list?
Mr. McCORMACK. That I could not say offhand, but about a hundred, I should say.
Mr. UNTERMYER. Where are your quarters?
Mr. McCORMACK. 25 Broad Street.
Mr. UNTERMYER. You mean you have an office there, or room?
Mr. McCORMACK. Executive offices.
Mr. UNTERMYER. The executive offices; but where are the transactions conducted?
Mr. McCORMACK. Out on the curb, on the street.
Mr. UNTERMYER. Out on Broad Street?
Mr. McCORMACK. Yes.
Mr. UNTERMYER. What are the membership fees?
Mr. McCORMACK. $25 per year.
Mr. UNTERMYER. Is there an initiation fee, too?
Mr. McCORMACK. Yes, sir.
Mr. UNTERMYER. Of how much?
Mr. McCORMACK. $250.
Mr. UNTERMYER. Were you a member of a committee that had any negotiations with the New York Stock Exchange?
Mr. McCORMACK. Yes, sir.
Mr. UNTERMYER. Or any of its committees, with respect to being allowed to do business?
Mr. McCORMACK. Well, not exactly with respect to being allowed to do business. I was a member of a committee that waited upon them and conferred with a committee of theirs to inform them of our intention of organizing to do business.
Mr. UNTERMYER. On what committee did it wait?
Mr. McCORMACK. The law committee.

Mr. UNTERMYER. You mean the law committee of the New York Stock Exchange?

Mr. MCCORMACK. Yes.

Mr. UNTERMYER. Who was the chairman of that committee?

Mr. MCCORMACK. Mr. Sturgis.

Mr. UNTERMYER. Were there negotiations between the law committee and representatives of your association, with respect to the doing of business by your association and the conditions under which it should be done.

Mr. MCCORMACK. There was with regard to doing business, but not, I think, with regard to the conditions under which it should be done.

Mr. UNTERMYER. Who conducted that negotiation on behalf of your association?

Mr. MCCORMACK. Mr. Mendels.

Mr. UNTERMYER. Is he dead now?

Mr. MCCORMACK. Yes.

Mr. UNTERMYER. Was there correspondence in connection with it?

Mr. MCCORMACK. Some.

Mr. UNTERMYER. Sir?

Mr. MCCORMACK. Some.

Mr. UNTERMYER. Have you brought the correspondence?

Mr. MCCORMACK. Yes.

Mr. UNTERMYER. Will you please produce it.

Witness produced paper.

Mr. UNTERMYER. How long did that negotiation continue between your company and the law committee of the New York Stock Exchange?

Mr. MCCORMACK. We waited upon them in December, 1910, and received a reply from them in January, 1911.

Mr. UNTERMYER. Did the negotiations go back into 1909?

Mr. MCCORMACK. Those negotiations were conducted by Mr. Mendels as an agent.

Mr. UNTERMYER. As an agent for whom?

Mr. MCCORMACK. The curb market, as it was then constituted.

Mr. UNTERMYER. Is this a copy of the letter from Mr. Mendels to Mr. Sturgis at that time?

Mr. MCCORMACK. Yes, sir.

Mr. UNTERMYER. And is this the original letter from Mr. Sturgis to Mr. Mendels, in January, 1911?

Mr. MCCORMACK. Yes.

Mr. UNTERMYER. I will ask to have those marked in evidence.

The letters referred to were marked, respectively, Exhibits Nos. 164 and 165.

Mr. UNTERMYER. I will read this one of January 6, 1911, to the committee:

E. S. MENDELS, Esq., *Agent.*

DEAR SIR: I beg to state that while the law committee of the stock exchange assumes no authority or supervision over the members of the curb market or their transactions, they are of the opinion that so long as no dealings are had in securities listed at the stock exchange the curb is justified in making all necessary rulings and laws for their protection.

Following this letter, Exhibit No. 165, did you and your associates start this organization?

Mr. McCORMACK. Yes.

Mr. UNTERMYER. You looked upon that as an authority or permission to go ahead, did you?

Mr. McCORMACK. Yes.

Mr. UNTERMYER. Before going ahead did you have any further conferences with the law committee?

Mr. McCORMACK. No, sir.

Mr. UNTERMYER. Has your associates had any dealings in securities listed on the New York Stock Exchange?

Mr. McCORMACK. Not after they were listed.

Mr. UNTERMYER. That is, up to the time of listing you trade in them, do you not?

Mr. McCORMACK. Yes.

Mr. UNTERMYER. And from the date that the stock exchange puts them on the list you cease trading in them?

Mr. McCORMACK. Yes.

Mr. UNTERMYER. Why is that?

Mr. McCORMACK. Because they are taken into the stock exchange for trading, and the primary market for them is established and maintained there.

Mr. UNTERMYER. So you refrain from dealing in them. It is against your dules to deal in them, is it not?

Mr. McCORMACK. Yes.

Mr. UNTERMYER. That is all.

The CHAIRMAN. The committee will be at recess until 2 o'clock this afternoon.

Thereupon, at 12.45 o'clock p. m., the committee took a recess until 2 o'clock p. m.

AFTER RECESS.

The CHAIRMAN. The committee will come to order and will resume the taking of testimony.

Mr. UNTERMYER. Mr. Chairman, counsel for Mr. Rockefeller has submitted these two affidavits.

The CHAIRMAN. Please read them.

Mr. UNTERMYER (reading):

STATE OF NEW YORK,
City and County of New York:

Walter F. Chappell, being duly sworn, deposes and says:

I am a physician, having my office in the city of New York, at No. 7 East Fifty-fifth Street. I have been in active practice for more than 30 years.

I make a specialty of diseases of the ear and throat. I am professor of clinical laryngology in the College of Physicians and Surgeons, medical department of Columbia University, and am surgeon of the Manhattan Eye, Ear, and Throat Hospital of New York.

During the past 11 years I have been in almost constant attendance upon Mr. William Rockefeller, whose city address is at No. 689 Fifth Avenue, New York.

Mr. Rockefeller has been suffering from a gouty inflammation of the larynx and windpipe, accompanied by swellings on the vocal cords. This has necessitated, at various times, six operations, the last one being of a more serious character. Since this operation Mr. Rockefeller has had intermittent attacks of edema of the larynx, accompanied by some stenosis and spasms. This condition is brought on by talking, excitement, or disturbance of the stomach, and a severe attack would terminate fatally.

Since the last operation Mr. Rockefeller has also been unable to speak above a whisper and can not express himself in that way for more than a few moments with safety. I have advised complete rest of the larynx, or in other words "the silent treatment."

Mr. Rockefeller is in his seventy-second year; and, under my advice he has carefully avoided all excitement or strain since the last operation. It would not only be an act of inhumanity to subject him to the excitement incident to his examination as a witness at this time, but, in my judgment, it would actually endanger his life.

WALTER F. CHAPPELL, M. D.

Subscribed and sworn to before me this 6th day of January, 1913.

[SEAL.] FREDERICK N. GILBERT,
Notary Public, New York County.

STATE OF NEW YORK,
City and County of New York:

Samuel W. Lambert, being duly sworn, deposes and says:

I am a physician in general practice in the city of New York, having my office at No. 130 East Thirty-fifth Street. I have been continuously in active practice for nearly a quarter of a century. I am now, and since 1904 have been, dean of the College of Physicians and Surgeons, medical department of Columbia University, and I have been professor of therapeutics in the said college since 1903. I have been an attending and consulting physician at the New York Hospital since 1896; and I have been attending physician at St. Luke's Hospital since about 1906.

I have acted as general physician for Mr. William Rockefeller, of No. 689 Fifth Avenue, New York, for about two years last past, having first attended him during an attack of pneumonia.

I have read the affidavit of Dr. Walter F. Chappell, verified on January 6, 1913, and I am familiar with the conditions of Mr. Rockefeller's throat, referred to in the said affidavits, and know that they are therein correctly described.

Mr. Rockefeller has a distinctly pronounced gouty tendency; and a further condition, to which Dr. Chappell does not refer in his affidavit, is the tremor habit or shaking of the head and hands, which has existed ever since I have attended upon Mr. Rockefeller, and is the result of his advanced years and general condition. This shaking of the hand makes it very difficult for him even to sign his name, and impossible for him to write continuously without great effort, for more than a few minutes. In the present highly sensitive and critical condition of his throat, any effort or strain or excitement might produce a condition that would not only imperil Mr. Rockefeller's life, but might very reasonably be expected to cause his sudden death.

SAM'L W. LAMBERT, M. D.

Subscribed and sworn to before me his 6th day of January, 1913.

[SEAL.] FREDERIC N. GILBERT.
Notary Public, New York County.

The CHAIRMAN. Let the entry be made. The affidavits will be submitted to the committee, and counsel for Mr. Rockefeller will be notified of its action. And in this connection I want to say that that portion of the affidavit of Dr. Chappell, that it would be an act of inhumanity to bring Mr. Rockefeller before the committee, is gratuitous and is aside from the issue. I will state that at the outset the committee concluded that after service or acceptance of service the question of the witnesses's physical condition would be a matter of fact, to be ascertained by the committee through its own agencies and instrumentalities, and by its own expert representatives, should it see fit.

Mr. UNTERMYER. Will Mr. Constantine take the stand?

TESTIMONY OF MR. RICHARD B. CONSTANTINE.

The witness was sworn by the chairman.

Mr. UNTERMYER. What is your occupation, Mr. Constantine?

Mr. CONSTANTINE. Securities.

Mr. UNTERMYER. Where do you live?
Mr. CONSTANTINE. Summit, N. J.
Mr. UNTERMYER. Where is your place of business?
Mr. CONSTANTINE. 74 Broadway.
Mr. UNTERMYER. Do you know Mr. H. W. Tillinghast?
Mr. CONSTANTINE. Yes.
Mr. UNTERMYER. Is he here? Please stand up, Mr. Tillinghast.

Mr. Tillinghast rose.

Mr. CONSTANTINE. Yes.
Mr. UNTERMYER. That is Mr. Tillinghast?
Mr. CONSTANTINE. Yes.
Mr. UNTERMYER. How long have you known him?
Mr. CONSTANTINE. Ten or fifteen years.
Mr. UNTERMYER. What has been his business during that time?
Mr. CONSTANTINE. Insurance.
Mr. UNTERMYER. Has he been connected with any companies?
Mr. CONSTANTINE. Yes; he has been connected with two or three.
Mr. UNTERMYER. With what companies has he been connected?
Mr. CONSTANTINE. The Fidelity & Casualty Co. of New York, the Philadelphia Casualty Co., and the Maryland Casualty Co., to my knowledge.
Mr. UNTERMYER. Did you have a talk with Mr. Tillinghast some time ago; and if so, when, with respect to his having perfected a reference and index system as to loans and applications for loans made by or to any of the clearing house banks and their associated institutions?
Mr. CONSTANTINE. Yes, sir.
Mr. UNTERMYER. When was it?
Mr. CONSTANTINE. About two years ago. A little more, possibly.
Mr. UNTERMYER. Where was it?
Mr. CONSTANTINE. In Philadelphia; at his office in Philadelphia.
Mr. UNTERMYER. Were you calling on him there?
Mr. CONSTANTINE. Yes.
Mr. UNTERMYER. What did he say then as to the existence of a reference and index system that he had prepared, and for whom?
Mr. CONSTANTINE. He said that he had prepared, through the instructions of Mr. Davidson, of Morgan & Co., an index system for the use of the Bankers Trust Co., to tabulate the loans and applications for loans that came in through the various banks with whom they were affiliated.
Mr. UNTERMYER. Did he say who had charge of the system as it had been perfected—what officer of the Bankers Trust Co.?
Mr. CONSTANTINE. The first time he spoke of it he said he was preparing such a system and about completing it. He afterwards said that he had completed it, and he understood that it was to be placed in the hands of Mr. Strong.
Mr. UNTERMYER. Did he tell you what this system would show and what it was intended for?
Mr. CONSTANTINE. Yes.
Mr. UNTERMYER. What did he say on that subject?
Mr. CONSTANTINE. He said it would show all applications for loans, the nature of the loan, and through whom application was

made—through any of the affiliated banks of the Bankers Trust Co.—to or through.

Mr. UNTERMYER. What did he say about it showing all the loans of the banks in the clearing house?

Mr. CONSTANTINE. I do not recall that he said so.

Mr. UNTERMYER. What did he say about showing the loans of affiliated institutions?

Mr. CONSTANTINE. Yes, sir.

Mr. UNTERMYER. Affiliated institutions to what institution?

Mr. CONSTANTINE. Of the Bankers Trust Co.

Mr. UNTERMYER. Did he say whether or not it would include stock exchange loans?

Mr. CONSTANTINE. All loans, as I understood.

Mr. UNTERMYER. What did he say as to whether or not the clearing-house banks reported loans to this central arrangement or agency?

Mr. CONSTANTINE. I do not recall that he said anything about the clearing-house banks. He said that the banks affiliated with the Bankers Trust Co. would report to the Bankers Trust Co. the loans that were made to them—applications for loans.

Mr. UNTERMYER. He told you that he had completed such a system, did he?

Mr. CONSTANTINE. He did.

Mr. UNTERMYER. Did he tell you what he had been paid for it?

Mr. CONSTANTINE. Yes.

Mr. UNTERMYER. What did he say he had been paid for it?

Mr. CONSTANTINE. He said he had been paid $10,000 for it.

Mr. UNTERMYER. How many times have you talked with him on this subject?

Mr. CONSTANTINE. Twice.

Mr. UNTERMYER. And at what intervals of time?

Mr. CONSTANTINE. It was a matter of weeks; possibly a month or five weeks.

Mr. UNTERMYER. That is all.

Witness excused.

TESTIMONY OF MR. H. W. TILLINGHAST.

The witness was sworn by the chairman.

Mr. UNTERMYER. Where do you reside?

Mr. TILLINGHAST. Devon, Pa.

Mr. UNTERMYER. Did you hear Mr. Constantine's testimony?

Mr. TILLINGHAST. No, sir.

Mr. UNTERMYER. You are a little deaf?

Mr. TILLINGHAST. Yes, sir.

Mr. UNTERMYER. What is your business?

Mr. TILLINGHAST. Insurance adjuster of casualty insurance.

Mr. UNTERMYER. For what company?

Mr. TILLINGHAST. I do it for several companies.

Mr. UNTERMYER. Were you formerly with the Philadelphia Casualty Co.?

Mr. TILLINGHAST. Yes, sir.

Mr. UNTERMYER. And that was merged with the Maryland Casualty Co.?

Mr. TILLINGHAST. No; that went to the Fidelity & Deposit Co. of Baltimore, Md.

Mr. UNTERMYER. Mr. Constantine has testified to a conversation, or to two talks that you had with him about two years ago at your office in Philadelphia. Do you know Mr. Constantine?

Mr. TILLINGHAST. Yes, sir.

Mr. UNTERMYER. How long have you known him?

Mr. TILLINGHAST. I think it is somewhere about eight or ten years. I could not tell you exactly, sir.

Mr. UNTERMYER. Did you have talks with him about two years ago at your office?

Mr. TILLINGHAST. I can not remember having any talk with him at my office at all.

Mr. UNTERMYER. You do not remember whether you did or did not?

Mr. TILLINGHAST. No, sir.

Mr. UNTERMYER. Mr. Constantine said, in effect, that you told him, first, that you were preparing a reference and index system with respect to loans and applications for loans made by and to clearing-house banks or associated or affiliated institutions of the Bankers' Trust Co. Did you have any such talk with him?

Mr. TILLINGHAST. I remember indistinctly some such talk with him, sir.

Mr. UNTERMYER. You remember it indistinctly?

Mr. TILLINGHAST. Indistinctly; yes.

Mr. UNTERMYER. Do you remember telling him that you were preparing such a system which was to go to the Bankers' Trust Co.?

Mr. TILLINGHAST. As nearly as I can remember it, sir, it was brought about in this way. A man that I knew of had had some paper discounted in several banks, making the same statement to several banks, and in making that statement I said that I thought that a card index would check up how many banks a man was getting discounts from.

Mr. UNTERMYER. The question is whether you said to Mr. Constantine in substance that you were preparing such an index system on the retainer of Mr. Davison, of Messrs. Morgan & Co.

Mr. TILLINGHAST. No, sir.

Mr. UNTERMYER. You never said anything of the kind?

Mr. TILLINGHAST. No, sir.

Mr. UNTERMYER. He says you also stated, subsequently, that you had prepared such a system.

Mr. TILLINGHAST. No, sir.

Mr. UNTERMYER. What did you say to him about preparing such a system?

Mr. TILLINGHAST. All I said was that I thought such a system would be a check; that is all I can remember having said.

Mr. UNTERMYER. You mean that your memory is very bad on the subject?

Mr. TILLINGHAST. No, sir; it is not bad on the subject, but it was simply an incident that I did not pass back into my memory in any way.

Mr. UNTERMYER. But the question is, did you prepare such a system?

Mr. TILLINGHAST. No, sir.

Mr. UNTERMYER. And you never had anything to do with such a system?

Mr. TILLINGHAST. No, sir.

Mr. UNTERMYER. And do you remember whether you told Mr. Constantine that you did or not?

Mr. TILLINGHAST. I remember distinctly that I never told him I did. I remember that I had some conversation with him on such a subject.

Mr. UNTERMYER. You had a conversation with him on that subject?

Mr. TILLINGHAST. On some such subject; yes.

Mr. UNTERMYER. You did not tell him anything that was not true, did you?

Mr. TILLINGHAST. No, sir.

Mr. UNTERMYER. But you deny having told him that you had prepared such a system.

Mr. TILLINGHAST. Yes.

Mr. UNTERMYER. You deny having mentioned the name of Mr. Strong, of the Bankers' Trust Co.?

Mr. TILLINGHAST. Yes, sir. I do not know Mr. Strong.

Mr. UNTERMYER. That is all.

Witness excused.

Mr. UNTERMYER. Mr. Chairman, before the examination of Mr. Call, I would like to call attention to some statistics that were introduced here prepared by Mr. Scudder, that purported to show the average balances that were kept by the New York Life Insurance Co., the Mutual Life Insurance Co., the Equitable Life Insurance Co., and the Metropolitan Life Insurance Co. in various banks during certain months of the year 1911, and on the 31st of December, 1911. They were given as the average balance.

The committee has since been advised that they were not the average balances, but that they were the highest balances in those months. The superintendent of insurance of New York has prepared a statement of what were the average balances during those months, and I would like to have it put into the record so that the committee will have the benefit of any corrections that may be suggested from a comparison of the figures.

The CHAIRMAN. These figures are furnished by the proper official of the State, and they will be filed.

The paper referred to was thereupon marked "Exhibit No. 167" and will be found at the end of to-day's proceedings.

TESTIMONY OF JOHN C. M'CALL.

The witness was sworn by the chairman.

Mr. UNTERMYER. You are vice president of the New York Life Insurance Co.

Mr. MCCALL. Second vice president.

Mr. UNTERMYER. And you have been subpoenaed here to produce certain records and papers, have you not?

Mr. MCCALL. You have requested them.

Mr. UNTERMYER. Yes; I think you were requested by letter to produce them?

Mr. MCCALL. Yes.

Mr. UNTERMYER. The first item of information you were requested to produce was with respect to the proceedings of the annual meetings of the last three years, was it not?

Mr. MCCALL. Yes, sir.

Mr. UNTERMYER. Have you that data here?

Mr. MCCALL. Not exactly as you asked for it.

Mr. UNTERMYER. Have you extracts from your books?

Mr. MCCALL. Yes, sir.

Mr. UNTERMYER. Yours is a mutual company, is it not?

Mr. MCCALL. It is; yes, sir.

Mr. UNTERMYER. Taking up the record of the first of these three years, that would be what year?

Mr. MCCALL. That would be 1908.

Mr. UNTERMYER. How many policy holders were there outstanding at that time, on the date of the annual meeting of 1908?

Mr. MCCALL. Oh, I should say 900,000.

Mr. UNTERMYER. Do your records not show the number of policy holders?

Mr. MCCALL. Our records at the office would show that; yes, sir.

Mr. UNTERMYER. Have you not brought that data with you?

Mr. MCCALL. No, sir.

Mr. UNTERMYER. Your statement is approximately true, however?

Mr. MCCALL. I should say so; yes, sir.

Mr. UNTERMYER. On what date was the annual meeting of 1908?

Mr. MCCALL. On the second Wednesday of April.

Mr. UNTERMYER. Have you the proceedings of the meetings there?

Mr. MCCALL. I have not got the proceedings of the meeting, Mr. Untermyer. Under the law the superintendent of insurance conducts the elections.

Mr. UNTERMYER. I understand; but you keep the minutes, do you not?

Mr. MCCALL. No, sir.

Mr. UNTERMYER. Have you any extracts?

Mr. MCCALL. Those minutes are all made, or I presume they are all made, by the inspectors of election. They certify to the board of trustees of the company and also the superintendent of insurance the number of votes cast and for whom the votes were cast.

Mr. UNTERMYER. Have you that certificate here?

Mr. MCCALL. I have got a certified copy of the report that was made to our board of trustees for each one of those elections.

Mr. UNTERMYER. How many votes were cast at the meeting of 1908?

Mr. MCCALL. There were 62.

Mr. UNTERMYER. That is, 62 policy holders out of 900,000 policy holders voted?

Mr. MCCALL. Yes, sir.

Mr. UNTERMYER. Did they vote by proxy?

Mr. MCCALL. I do not know.

Mr. UNTERMYER. Have you no means of knowing?

Mr. MCCALL. No. You see all of those things——

Mr. UNTERMYER. I say have you no means of knowing?

Mr. MCCALL. The poll list is sealed in envelopes, and, under the law, is placed in sealed envelopes, and those envelopes are, in accordance with the law, kept for four months, and not to be opened except by order of the court having jurisdiction.

Mr. UNTERMYER. Does that apply to proxies, too?

Mr. MCCALL. It applies to any votes at all that were cast.

Mr. UNTERMYER. Who were the proxies at that meeting? I do not want a history of the whole transaction, because that would take a long while. I want the result.

Mr. MCCALL. I understand, but I am trying to tell you why I could not furnish the information you asked.

Mr. UNTERMYER. Very well.

Mr. MCCALL. We applied to the superintendent of insurance for authority to open these packages, but the superintendent would not give it to us.

Mr. UNTERMYER. What I would like to know——

Mr. MCCALL. I have that correspondence, if you want to see it.

Mr. UNTERMYER. No; what I want to know is whether those 62 policy holders who voted voted by proxies?

Mr. MCCALL. I would say that they voted in person.

Mr. UNTERMYER. Were you present at the meeting?

Mr. MCCALL. I would not be at all surprised. I can not recall.

Mr. UNTERMYER. Were they agents of the company?

Mr. MCCALL. I have no means of determining. I would say, of course, that they must have been policy holders.

Mr. UNTERMYER. But, I say, were they agents of the company?

Mr. MCCALL. I have no means of knowing. Those elections are formal propositions, Mr. Untermyer, you know.

Mr. UNTERMYER. As to the election of 1909: How many policy holders voted?

Mr. MCCALL. 32.

Mr. UNTERMYER. And how many policy holders were there then?

Mr. MCCALL. Approximately the same; about 900,000—somewhere between 900,000 and a million.

Mr. UNTERMYER. Has not the number of policy holders increased in the last two or three years?

Mr. MCCALL. No; it is just about the same.

Mr. UNTERMYER. As to those, can you show whether they were agents of the company or not?

Mr. MCCALL. I have no means of knowing. In answer to that question I would say that they must have been policy holders. A man can not vote unless——

Mr. UNTERMYER (interposing). I am assuming they were policy holders, but I want to know whether they were policy holders who were general agents of the company.

Mr. MCCALL. I do not know. We have no general agents, I would say.

Mr. UNTERMYER. Were they agents of the company?

Mr. MCCALL. I have no means of knowing.

Mr. UNTERMYER. Do you know whether they voted by proxy; and if so, to whom the proxy ran?

Mr. McCALL. No; I would say that they all voted in person.
Mr. UNTERMYER. That is your recollection?
Mr. McCALL. Yes.
Mr. UNTERMYER. As to the meeting of 1910, now?
Mr. McCALL. 1911. You know that law was changed, making the elections every two years.
Mr. UNTERMYER. Yes.
Mr. McCALL. There were 41 votes cast.
Mr. UNTERMYER. Are your answers with respect to the way in which those votes were cast and by whom and whether they were cast by proxy or not the same as your answers heretofore?
Mr. McCALL. I have no means of determining. Of course those were uncontested elections. There was only one ticket to nominate. The election was held in accordance with the rules and regulations of the superintendent of insurance. No ballots were sent out on account of the expense that was involved in sending out the ballots. There was only one ticket nominated, and the policy holders could only vote for the people so nominated.
Mr. UNTERMYER. Have you had any election since?
Mr. McCALL. No. We have an election next year. That is also an uncontested election.
Mr. UNTERMYER. The New York Life Insurance Co. has no stock, has it? It has only bonds?
Mr. McCALL. It does own stock that it obtained in the reorganization of the Third Avenue Railroad Co.
Mr. UNTERMYER. They had express authority to acquire those?
Mr. McCALL. Yes; under section 100 of the insurance law.
Mr. UNTERMYER. I mean apart from that it invests in and holds no stock in corporations?
Mr. McCALL. It has not done so since 1899.
Mr. UNTERMYER. Mr. John A. McCall, your father, was president until 1906?
Mr. McCALL. He was president until 1906; yes, sir.
Mr. UNTERMYER. And he was succeeded by the present president?
Mr. McCALL. No; he was succeeded by Mr. Alexander E. Orr.
Mr. UNTERMYER. And Mr. Orr was president a very short time?
Mr. McCALL. About seven or eight months, I should think.
Mr. UNTERMYER. That was following the Armstrong investigation in 1906, was it not?
Mr. McCALL. Yes, sir. My father resigned December 31, 1905, and Mr. Orr was elected within a month or so after that, I think probably at the next meeting of the board.
Mr. UNTERMYER. Mr. Orr took office avowedly only temporarily.
Mr. McCALL. I think so.
Mr. UNTERMYER. And he was succeeded by the present president?
Mr. McCALL. By Mr. Darwin P. Kingsley; yes, sir.
Mr. UNTERMYER. Mr. Kingsley was a son-in-law of Mr. McCall?
Mr. McCALL. Yes, sir; he married my sister. He was connected with the company long before my father's death.
Mr. UNTERMYER. And you were, too?
Mr. McCALL. Sir?
Mr. UNTERMYER. And you were connected with the company before?
Mr. McCALL. Before Mr. Kingsley?

Mr. UNTERMYER. No; whilst your father was with it.
Mr. MCCALL. Yes; I have been with the company 14 years.
Mr. UNTERMYER. Was Mr. George W. Perkins an officer of the company?
Mr. MCCALL. Yes.
Mr. UNTERMYER. Up to what time?
Mr. MCCALL. December, 1905.
Mr. UNTERMYER. Was he at that time a partner in J. P. Morgan & Co.?
Mr. MCCALL. Yes.
Mr. UNTERMYER. How long did he remain an officer of the New York Life whilst he was a partner with J. P. Morgan & Co.; do you know?
Mr. MCCALL. I should say four or five years, Mr. Untermyer.
Mr. UNTERMYER. He was vice president of the New York Life?
Mr. MCCALL. Yes, sir. That was the last office he held. Of course he came up through the ranks. He began as office boy.
Mr. UNTERMYER. His brother is there now?
Mr. MCCALL. His brother is dead.
Mr. UNTERMYER. Is he?
Mr. MCCALL. Yes.
Mr. UNTERMYER. Recently?
Mr. MCCALL. His brother died last January.
Mr. UNTERMYER. Do you know that the superintendent of insurance publishes every year a report that contains an itemized list of all the investments of the life insurance companies in New York State?
Mr. MCCALL. Yes.
Mr. UNTERMYER. Have you any personal knowledge of the sources from which the securities that are now held by the New York Life Insurance Co. were purchased—how they were acquired?
Mr. MCCALL. No. That is all in the annual report, Mr. Untermyer.
Mr. UNTERMYER. No; that is not the question. The question is not what securities are held——
Mr. MCCALL. No.
Mr. UNTERMYER. But from what banking houses or elsewhere they are acquired.
Mr. MCCALL. My opinion is——
Mr. UNTERMYER. No; I want to know if you know.
Mr. MCCALL. Oh, no.
Mr. UNTERMYER. As to the securities that were on hand at the end of 1911 you would not be able to go through that list and tell us which of them were bought from a given banking house or which were bought from another given banking house?
Mr. MCCALL. Our records would indicate that.
Mr. UNTERMYER. But you have not got that data here?
Mr. MCCALL. I have not got that in my memory; no, sir. I am not a member of the finance committee.
Mr. UNTERMYER. Who is the chairman of the finance committee?
Mr. MCCALL. Mr. Kingsley.
Mr. UNTERMYER. Who are the members of the finance committee?

Mr. McCALL. John Claflin, Mr. Morrison, Mr. Pullyn, Mr. Hepburn, Mr. Willard King——

Mr. UNTERMYER. That is Mr. A. Barton Hepburn?

Mr. McCALL. Yes.

Mr. UNTERMYER. The chairman of the board of directors of the Chase Bank?

Mr. McCALL. I believe so.

Mr. UNTERMYER. And Mr. King is president of the Columbia & Knickerbocker Trust Co.?

Mr. McCALL. Yes.

Mr. UNTERMYER. What other members are there?

Mr. McCALL. Mr. Kingsley.

Mr. UNTERMYER. How many members are there on the committee?

Mr. McCALL. I think there are seven.

Mr. UNTERMYER. I think you have named four.

Mr. McCALL. I have named more than that. Mr. Millburn is one, and Col. Payne.

Mr. UNTERMYER. You mean Mr. John G. Millburn?

Mr. McCALL. Yes.

Mr. UNTERMYER. That is all.

Mr. McCALL. I might say, Mr. Untermyer, that the reports that we are obliged to furnish the insurance department have the full record of the election under a separate schedule, giving the number of votes and how they were cast, and also an itemized list of the expenses. That is furnished, I think, under Schedule L, and in accordance with section 100 of the insurance law.

Witness excused.

TESTIMONY OF MR. CHARLES A. PEABODY.

The witness was sworn by the chairman.

Mr. UNTERMYER. Are you president of the Mutual Life Insurance Co.?

Mr. PEABODY. Yes, sir.

Mr. UNTERMYER. You have been president since when?

Mr. PEABODY. Since January 1, 1906.

Mr. UNTERMYER. Prior to that time were you engaged in the practice of law?

Mr. PEABODY. Yes, sir.

Mr. UNTERMYER. And a member of what firm?

Mr. PEABODY. Baker & Peabody.

Mr. UNTERMYER. Your firm were counsel for the First National Bank and Mr. George F. Baker?

Mr. PEABODY. Yes.

Mr. UNTERMYER. And your partner was related to Mr. Baker, was he not?

Mr. PEABODY. Yes, sir.

Mr. UNTERMYER. In what way?

Mr. PEABODY. He is his uncle.

Mr. UNTERMYER. Had you, prior to that time, been a director of the Mutual Life Insurance Co.?

Mr. PEABODY. No, sir.

Mr. UNTERMYER. Had you, prior to that time, any connection with the life-insurance business?

Mr. PEABODY. No, sir.

Mr. UNTERMYER. In any way?

Mr. PEABODY. No, sir.

Mr. UNTERMYER. Who tendered you the position?

Mr. PEABODY. There was a committee of trustees appointed, consisting of Mr. Elbridge T. Gerry and Mr. Stuyvesant Fish. They were the two who called on me and the two with whom I conferred. I do not really know who the other members were.

Mr. UNTERMYER. Was Mr. George F. Baker the chairman of the finance committee at that time?

Mr. PEABODY. He was not the chairman; no, sir. He was a member of the committee, I think. I am not clear as to what took place before I went there, but I think Mr. McCurdy was the chairman.

Mr. UNTERMYER. From the time you went there was George F. Baker chairman of the finance committee?

Mr. PEABODY. No, sir; he has never been chairman since I have been there.

Mr. UNTERMYER. He has been a member of the committee?

Mr. PEABODY. Yes, sir.

Mr. UNTERMYER. Do you not know whether he was the chairman of the finance committee prior to your connection with the company?

Mr. PEABODY. It is pretty hard to answer as to a negative, but I think Mr. McCurdy was ex officio chairman of all the committees.

Mr. UNTERMYER. Mr. McCurdy resigned when?

Mr. PEABODY. He resigned about the 1st of December, 1905.

Mr. UNTERMYER. That was following the Armstrong investigation?

Mr. PEABODY. Yes, sir.

Mr. UNTERMYER. Who constituted the finance committee during the first year of your incumbency of the office of president?

Mr. PEABODY. I was the chairman; and the vice president of the company, Mr. McClintock, was a member ex officio; and there were five other members, consisting of Messrs. Baker, Juilliard, Haven, Iselin, and Jarvie.

Mr. UNTERMYER. Have there been any changes in the finance committee since then?

Mr. PEABODY. I beg your pardon. That committee was appointed May 31, 1906.

Mr. UNTERMYER. When you came into office who constituted the committee?

Mr. PEABODY. When I came into office, I really do not know who the former committee had been, but they were largely the same, perhaps all the same.

Mr. UNTERMYER. Have there been any changes since May, 1906, in the finance committee?

Mr. PEABODY. Yes, sir; there has been a change every time we have had an election.

Mr. UNTERMYER. You mean every time you have had an annual election for directors?

Mr. PEABODY. Yes.

Mr. UNTERMYER. How many annual elections have you had since 1906?

Mr. PEABODY. We had an election in 1908, 1909, and 1911.

Mr. UNTERMYER. How many policy holders had the Mutual Life Insurance Co. in 1908, at the time of the annual election?

Mr. PEABODY. About 600,000.

Mr. UNTERMYER. Have you the records here showing how many policy holders participated in that election?

Mr. PEABODY. Yes, sir. In 1908; that is the year about which you desire the information at this time?

Mr. UNTERMYER. Yes.

Mr. PEABODY (continuing). Ninety-three votes were cast.

Mr. UNTERMYER. Have you the list of voters?

Mr. PEABODY. No, sir.

Mr. UNTERMYER. Were they cast in person, or by proxy?

Mr. PEABODY. In person.

Mr. UNTERMYER. All in person?

Mr. PEABODY. All in person.

Mr. UNTERMYER. Can you tell me which of them, if any, were agents of the company or employees in the building?

Mr. PEABODY. I do not know who they were at all.

Mr. UNTERMYER. Were you present at the meeting?

Mr. PEABODY. No, sir. I have never attended an annual meeting.

Mr. UNTERMYER. The next meeting, you say, was in 1909?

Mr. PEABODY. 1909; yes.

Mr. UNTERMYER. What was the number of policy holders of the company in 1909?

Mr. PEABODY. Approximately the same.

Mr. UNTERMYER. And how many votes were cast by the policy holders?

Mr. PEABODY. One hundred and thirty.

Mr. UNTERMYER. Can you give us any further information as to the personnel or indentity of those policy holders?

Mr. PEABODY. No, sir.

Mr. UNTERMYER. Or whether they were employees in the building?

Mr. PEABODY. No, sir; I do not know who they were.

Mr. UNTERMYER. Do you know how many of your employees are policy holders in the company?

Mr. PEABODY. I do not. I think they all are.

Mr. UNTERMYER. You do not know?

Mr. PEABODY. I do not know; no sir.

Mr. UNTERMYER. What number of policy holders had you in 1911, at the time of the annual election?

Mr. PEABODY. More, but I do not know how many more.

Mr. UNTERMYER. Between six and seven hundred thousand?

Mr. PEABODY. Somewhere about that; yes.

Mr. UNTERMYER. How many participated in that election?

Mr. PEABODY. Thirteen thousand. I think the highest vote cast was 13,527. It varied slightly for different trustees.

Mr. UNTERMYER. Was there a contest?

Mr. PEABODY. Yes, sir.

Mr. UNTERMYER. And did the administration send out proxies?

Mr. PEABODY. Yes, sir; the company did.

Mr. UNTERMYER. The company sent out proxies in favor of the administration ticket?

Mr. PEABODY. It sent out ballots; ballots containing both the administration ticket and the opposition ticket.

Mr. UNTERMYER. And they were sent to all the policy holders?

Mr. PEABODY. Yes, sir.

Mr. UNTERMYER. Upward of 600,000?

Mr. PEABODY. Yes.

Mr. UNTERMYER. Did the agents take part in collecting those ballots?

Mr. PEABODY. No, sir.

Mr. UNTERMYER. Do you know whether the agents solicited the policy holders?

Mr. PEABODY. I do not know anything about that, of my own knowledge. I have no doubt that the agents were interested in the election.

Mr. UNTERMYER. How many agents were there?

Mr. PEABODY. I do not know.

Mr. UNTERMYER. How many agents have you?

Mr. PEABODY. Several thousand, all over the world.

Mr. UNTERMYER. And in an election they would have a very potent influence, would they not?

Mr. PEABODY. Some men have a potent influence and some do not.

Mr. UNTERMYER. But the agents, taken as a body, would necessarily have a very potent influence in an election?

Mr. PEABODY. They are very much like other people.

Mr. UNTERMYER. I say, taken as a body, several thousand of them, is it fair to say that they would necessarily have a potent influence in an election?

Mr. PEABODY. I really do not know. It would not influence me to have an agent ask me to vote. I do not know why it should influence anyone.

Mr. UNTERMYER. At any rate, as the result of that campaign in the contested election, you say there were 13,000 and odd votes cast?

Mr. PEABODY. Yes, sir.

Mr. UNTERMYER. Out of upward of 600,000?

Mr. PEABODY. Yes, sir.

Mr. UNTERMYER. Does that indicate to your mind at all, Mr. Peabody, that a mutual company is largely a self-perpetuating body?

Mr. PEABODY. No; I do not see how it does.

Mr. UNTERMYER. You do not think so?

Mr. PEABODY. No, sir; I do not.

Mr. UNTERMYER. Do you know of any instance in the history of life insurance in which an existing management, with the agency force behind it, has ever been dislodged?

Mr. PEABODY. I know of one instance in which it was largely thought that it was going to be dislodged.

Mr. UNTERMYER. Do you know of any instance in which it was ever dislodged?

Mr. PEABODY. No, sir.

Mr. UNTERMYER. In 1906 was there not legislation which required the life-insurance companies in New York to dispose of their stocks within a given number of years?

Mr. PEABODY. Yes.

Mr. UNTERMYER. What was the time within which they were to be disposed of?

Mr. PEABODY. Within five years.

Mr. UNTERMYER. That time expired when?

Mr. PEABODY. The term was extended before that five years expired.

Mr. UNTERMYER. What was the date of the expiration of that?

Mr. PEABODY. It would have been January 1, 1912.

Mr. UNTERMYER. When was the time extended?

Mr. PEABODY. The preceding session of the legislature.

Mr. UNTERMYER. In 1911?

Mr. PEABODY. Yes, sir.

Mr. UNTERMYER. For how long a time?

Mr. PEABODY. For five years more.

Mr. UNTERMYER. The Mutual Life owns now, does it not, stock in the Bank of Commerce?

Mr. PEABODY. Yes, sir.

Mr. UNTERMYER. The National Bank of Commerce of New York?

Mr. PEABODY. Yes, sir.

Mr. UNTERMYER. Do you remember how much stock it owns in that bank?

Mr. PEABODY. Seventeen thousand two hundred and ninety-four shares.

Mr. UNTERMYER. It had a larger holding in 1906, did it not?

Mr. PEABODY. Yes, sir.

Mr. UNTERMYER. And did not the Equitable Life also have a large holding in the same bank?

Mr. PEABODY. Yes, sir.

Mr. UNTERMYER. Did the time come when both those companies parted with a portion of their holding?

Mr. PEABODY. Yes, sir.

Mr. UNTERMYER. Do you remember in what year that was?

Mr. PEABODY. In April, 1911.

Mr UNTERMYER. With how much of its stock did it part in that year?

Mr. PEABODY. 17,294 shares.

Mr. UNTERMYER. That is, with one-half of its holdings?

Mr. PEABODY. Yes, sir.

Mr. UNTERMYER. And the Equitable Life parted also with one-half of its holdings?

Mr. PEABODY. Well, I understand so.

Mr. UNTERMYER. Was that sale made pursuant to a written agreement?

Mr. PEABODY. No, sir.

Mr. UNTERMYER. No writing?

Mr. PEABODY. No; but there may have been a formal letter of confirmation.

Mr. UNTERMYER. Have you that here?

Mr. PEABODY. Yes.

Mr. UNTERMYER. Is there any objection to putting that in?

Mr. PEABODY. No.

Mr. UNTERMYER. I will read it into the record, so you can have the original back:

MARCH 21, 1911.

CHARLES A. PEABODY, Esq.,
President Mutual Life Insurance Co. of New Yrk, New York City.

DEAR SIR: I beg to confirm the purchase by me of 17,294 shares of the capital stock of the National Bank of Commerce in New York at $200 per share, all as stated in your letter of the 21st instant.

Yours, very truly,

JAMES STILLMAN,
By J. A. STILLMAN, *Attorney.*

Also on the same date:

JAMES STILLMAN, Esq.

DEAR SIR: Referring to your proposal to buy 17,294 shares of the capital stock of the National Bank of Commerce in New York at $200 per share from this company, I beg to confirm the sale of same to you at the above price, the sale to be closed and check to be delivered as of April 3, 1911.

Are these part of the papers, too?

Mr. PEABODY. That is a memorandum of the committee's action, I fancy. I did not look at it.

Mr. UNTERMYER. Do you know for whose account that stock was bought?

Mr. PEABODY. James Stillman.

Mr. UNTERMYER. Do you know in what way that stock was distributed—to whom it went?

Mr. PEABODY. No. As far as I know Mr. Stillman has it now. I never heard anything more than that.

Mr. UNTERMYER. Do you know whether the Equitable stock was bought at the same time?

Mr. PEABODY. About that time. I do not know about the exact date.

Mr. UNTERMYER. Do you know by whom that was bought?

Mr. PEABODY. No, sir.

Mr. UNTERMYER. Was not the stock that Mr. Stillman bought divided up with Mr. Morgan?

Mr. PEABODY. I don't know.

Mr. UNTERMYER. Have you brought with you any record showing to whom you gave proxies from time to time to vote on this Bank of Commerce stock?

Mr. PEABODY. Yes, sir.

Mr. UNTERMYER. Will you please produce that?

Mr. PEABODY. Yes.

Mr. UNTERMYER. Was Mr. James Stillman president of the National City Bank at this time or chairman of the board of directors?

Mr. PEABODY. I think chairman of the board of directors. The proxies of the National Bank of Commerce you want?

Mr. UNTERMYER. Yes.

Mr. PEABODY. In 1911 we gave our proxy to W. A. Day, W. S. Johnson, and James Timson.

Mr. UNTERMYER. Who were they?

Mr. PEABODY. James Timson is one of the officers of the Mutual Life Insurance Co.

Mr. UNTERMYER. Who is W. A. Day?

Mr. PEABODY. I fancy that is Judge Day.

Mr. UNTERMYER. President of the Equitable Life?

Mr. PEABODY. I assume that; yes, sir.

Mr. UNTERMYER. Who is the third proxy?

Mr. PEABODY. I do not know who W. S. Johnson is; whoever were named in the printed proxy we gave the proxy to them as representing the administration of the bank.

Mr. UNTERMYER. To whom did you give the proxy in 1912?

Mr. PEABODY. James Timson, F. F. Flagg, and H. C. Swords.

Mr. UNTERMYER. Who were they?

Mr. PEABODY. They were named by the bank officers in their printed proxy as their chosen proxies.

Mr. UNTERMYER. And in the preceding year?

Mr. PEABODY. I only have the last three years.

Mr. UNTERMYER. What is the third year?

Mr. PEABODY. 1911.

Mr. UNTERMYER. You gave us 1911 and 1912, I think.

Mr. PEABODY. Oh, 1913, the proxy has already been issued for the election of this year, issued last year, the same as the preceding: James Timson, F. F. Flagg, and H. C. Swords.

Mr. UNTERMYER. When you say you gave it to the administration of the bank, do you know who controls the stock of the Bank of Commerce?

Mr. PEABODY. No, sir.

Mr. UNTERMYER. Do you know where its control lies?

Mr. PEABODY. No, sir. I never footed up the holdings.

I do not know about that. When I said the administration of the bank I meant the formal proxy which we were asked by the officers of the bank to give.

Mr. UNTERMYER. The Mutual Life also owns stock of the First National Bank of New York, does it not?

Mr. PEABODY. Yes, sir.

Mr. UNTERMYER. It has owned it for many years?

Mr. PEABODY. Yes, sir.

Mr. UNTERMYER. Have you made any effort to dispose of it?

Mr. PEABODY. Yes, sir.

Mr. UNTERMYER. Sir?

Mr. PEABODY. Yes, sir; we have from time to time put a price on it.

Mr. UNTERMYER. What is the market price now?

Mr. PEABODY. I do not know.

Mr. UNTERMYER. About $1,030 a share, is it not?

Mr. PEABODY. Very likely. I do not think there is any market most of the time; it is not sold.

Mr. UNTERMYER. There is an active market, is there not, for preferred stock in Chicago & North Western Railroad Co.?

Mr. PEABODY. Yes, sir; more or less active.

Mr. UNTERMYER. Has any effort been made to sell that?

Mr. PEABODY. No effort except that we are waiting for what we consider a proper price, and we have made quite a large profit by waiting.

Mr. UNTERMYER. Is the Chicago & North Western preferred stock worth more to-day than it was a year ago?

Mr. PEABODY. I do not know.
Mr. UNTERMYER. Is it not worth considerably less?
Mr. PEABODY. Very likely. I do not know. Most things are worth less now.
Mr. UNTERMYER. How about Chicago, Milwaukee & St. Paul preferred? That is an active stock, is it not?
Mr. PEABODY. Yes, sir.
Mr. UNTERMYER. Salable at any time in the market?
Mr. PEABODY. Yes; we could sell it at a price at any time.
Mr. UNTERMYER. And you have 19,000 shares of that?
Mr. PEABODY. Yes, sir.
Mr. UNTERMYER. And so on; you have a large number of shares in railway and other corporations that are active shares, being dealt in on the market, have you not?
Mr. PEABODY. Yes, sir. We also have four years by law in which to sell them; don't forget that.
Mr. UNTERMYER. Well you had five years, did you not?
Mr. PEABODY. Yes, sir; and we were entitled to five more.
Mr. UNTERMYER. Was it stated or represented to the legislature that you had not been able to dispose of your stock?
Mr. PEABODY. Not been able to? No, sir.
Mr. UNTERMYER. You are a large holder in the Consolidated Gas Co., of New York?
Mr. PEABODY. Yes, sir.
Mr. UNTERMYER. Fifty thousand shares, are you not?
Mr. PEABODY. Yes, sir.
Mr. UNTERMYER. Who controls that company? Do you know?
Mr. PEABODY. I do not know.
Mr. UNTERMYER. The City Bank controls it—the City Bank people.
Mr. PEABODY. Not that I know of.
Mr. UNTERMYER. You do not know that?
Mr. PEABODY. No.
Mr. UNTERMYER. Don't you know anything about the control of the institutions in which the Mutual Life has these large holdings?
Mr. PEABODY. I know who are the executives and directors.
Mr. UNTERMYER. But you do not know who are the controlling forces?
Mr. PEABODY. The stockholders of the company?
Mr. UNTERMYER. No; I do not mean the stockholders, but the people who dominate and control the management.
Mr. PEABODY. I assume they are the stockholders.
Mr. UNTERMYER. You do not know of such a thing as the management of a great corporation being dominated by certain people in control of the management, do you?
Mr. PEABODY. No; I have not any knowledge of that.
Mr. UNTERMYER. You have never heard of such a thing?
Mr. PEABODY. Oh, I have heard of such things.
Mr. UNTERMYER. Take, for instance, the First National Bank. Do you know who dominated the management of that bank?
Mr. PEABODY. I know who is the most influential officer.
Mr. UNTERMYER. Who is that?
Mr. PEABODY. Mr. Baker.
Mr. UNTERMYER. Who is the most influential officer in the Consolidated Gas Co.?

Mr. PEABODY. I do not know.

Mr. UNTERMYER. Have you any knowledge of the sources through which the various bond holdings and assets of the Mutual Life Insurance Co. came into the possession of the company prior to your connection with it.

Mr. PEABODY. No; I have not, personally. It could all be ascertained. It is all in our books, I think.

Mr. UNTERMYER. You mean the banking house or other concern from which it was purchased would appear in your books?

Mr. PEABODY. Yes.

Mr. UNTERMYER. Are many of the bonds that are now held bonds that were held when you came there?

Mr. PEABODY. Yes, sir.

Mr. UNTERMYER. The bulk of them, would you say?

Mr. PEABODY. Well, I suupose more than half; yes; I do not really know what the proportion would be.

Mr. UNTERMYER. Are they largely securities of corporations in which Mr. Baker was interested or in which he was an officer or director?

Mr. PEABODY. Not that I know of. I do not think so.

Mr. UNTERMYER. Don't you know they are?

Mr. PEABODY. No; I am quite sure they are not all.

Mr. UNTERMYER. Have you looked over the list?

Mr. PEABODY. With that view; no, sir. I never looked over it to see that.

Mr. UNTERMYER. Well, let us see. Mr. Baker is a director in the New York Central and the New York, New Haven & Hartford?

Mr. PEABODY. I think so.

Mr. UNTERMYER. You are very large holders there, are you not? Mr. Baker is a director in most of the anthracite coal roads; that is, the Reading and Erie——

Mr. PEABODY. Very likely. I do not know about the Reading; he is in the Erie.

Mr. UNTERMYER. He is in the Reading, the Erie, the Lehigh Valley, and the Susquehanna & Western.

Mr. PEABODY. I do not know. He is in the Erie; I know that.

Mr. UNTERMYER. You are large holders of those securities, are you not?

Mr. PEABODY. Of the Erie?

Mr. UNTERMYER. Yes.

Mr. PEABODY. We have bonds; yes, sir. I have not a list here. You have it there; whatever that says was right. We also have large holdings in a long list of railroads in which Mr. Baker is not interested at all.

Mr. UNTERMYER. Is not Mr. Morgan interested in most of those?

Mr. PEABODY. No; I think not.

Mr. UNTERMYER. Well, let us see.

Mr. PEABODY. The Brooklyn City Railroad Co., 1,247 shares, I do not think either of them has any interest in.

Mr. UNTERMYER. How many shares in the Brooklyn City, did you say?

Mr. PEABODY. I should say 124,700.

Mr. UNTERMYER. Those have been held for a good many years, have they not?

Mr. PEABODY. Before I came there. I do not know how long.
Mr. UNTERMYER. They amount to a little over $2,000,000?
Mr. PEABODY. Very likely.
Mr. UNTERMYER. You have securities of the Southern Railway, for instance, have you not, to the extent of something like seven or eight million dollars?
Mr. PEABODY. I think so. I do not know the exact amount.
Mr. UNTERMYER. Mr. Baker is a voting trustee of that railroad?
Mr. PEABODY. I think so.
Mr. UNTERMYER. And largely interested.
Mr. PEABODY. I do not know about that. I suppose so.
Mr. UNTERMYER. Understand me, Mr. Peabody, nothing in my questions is meant to imply that there is any impropriety in these investments; I am simply getting at the facts.
Mr. PEABODY. That is right, Mr. Untermyer, but it also should be remembered that I do not know what Mr. Baker holds. I have no knowledge as to his personal affairs.
Mr. UNTERMYER. The committee is not endeavoring to characterize any of these transactions, but is simply looking for the facts.
Mr. PEABODY. As to the facts as to Mr. Baker's personal affairs, I have no knowledge.
Mr. UNTERMYER. You have been his counsel, or were his counsel, for many years?
Mr. PEABODY. Yes, sir; but I did not buy his securities. I wish I had.
Mr. UNTERMYER. The Louisville & Nashville—is he interested in that?
Mr. PEABODY. Is he?
Mr. UNTERMYER. Was he?
Mr. PEABODY. Not that I know of.
Mr. UNTERMYER. That is owned by the Atlantic Coast Line?
Mr. PEABODY. Yes.
Mr. UNTERMYER. And is Mr. Baker interested in the Atlantic Coast Line?
Mr. PEABODY. Not that I know of.
Mr. UNTERMYER. J. P. Morgan & Co. are, are they not?
Mr. PEABODY. Not that I know of.
Mr. UNTERMYER. Did not they buy the Louisville & Nashville Railroad for the Atlantic Coast Line?
Mr. PEABODY. I think they sold it to the Atlantic Coast Line.
Mr. UNTERMYER. They bought it for the Atlantic Coast Line and sold it to the Atlantic Coast Line?
Mr. PEABODY. I do not know for what purpose they bought it. I think they sold it to the Atlantic Coast Line.
Mr. UNTERMYER. What is the amount, approximately, of new investments that the Mutual Life makes year by year?
Mr. PEABODY. Including mortgages, real estate mortgages?
Mr. UNTERMYER. No; I mean on securities, not real estate.
Mr PEABODY. Probably from 15,000,000 to 20,000,000.
Mr. UNTERMYER. What are its total funds available for all new investments, approximately?
Mr. PEABODY. I think the natural increase is probably from twenty to twenty-five millions a year, and then——
Mr. UNTERMYER. Then the turning in of old investments?

Mr. PEABODY. The turning in of old investments would probably make ten to fifteen millions more.

Mr. UNTERMYER. Do you know how much money at approximately present value the Mutual Life Co. has invested in stock, which it is required to dispose of within a given time?

Mr. PEABODY. You mean the present market values?

Mr. UNTERMYER. Not exactly the present market values, but the market values at the last time they were computed?

Mr. PEABODY. I have a list of all stock owned on December 31, with their par value. I do not think I have the market value.

Mr. UNTERMYER. The par value would be no criterion?

Mr. PEABODY. No; it would not indicate much.

Mr. UNTERMYER. For instance, the par value of the First National Bank stock?

Mr. PEABODY. I have the market value here, Mr. Untermyer, on December 31, 1911.

Mr. UNTERMYER. That will do.

Mr. PEABODY. 1911; I have all the market values stated here, but they are not footed up.

Mr. UNTERMYER. Perhaps you will supply that.

Mr. PEABODY. We will supply that later; yes.

Mr. UNTERMYER. Will you have one of your men do that for us?

Mr. PEABODY. I beg your pardon. The market value of railroad stocks on December 31, 1911, was $24,779,082; the market value of bank and trust company stocks on December 31, 1911, was $10,849,050; and the market value of miscellaneous stocks on December 31, 1911, was $3,205,310.

Mr. UNTERMYER. At what figure does that include the First National Bank stock, if it is separated?

Mr. PEABODY. The First National Bank stock is 1,000 shares; the total value, $1,020,000.

Mr. UNTERMYER. That is at the rate of $1,020 a share?

Mr. PEABODY. Yes. Since that date there have been various sales, of course, during the past year. That is given a year ago.

Mr. UNTERMYER. Were you a party to the application to the Legislature of the State of New York for a further extension of time within which to dispose of the stocks of the company?

Mr. PEABODY. I was a party to a request for a repeal of the compulsory sale law; I was opposed to an extension.

Mr. UNTERMYER. You wanted the life insurance companies to have returned to them the right to invest in stocks?

Mr. PEABODY. No; I beg your pardon. I wanted the life insurance companies to have the feature compelling the sale of their stock repealed, in order that we might sell them to advantage.

Mr. UNTERMYER. Having had five years in which to do that, and there being a large number of marketable railroad stocks, what was the difficulty in doing that within the five years?

Mr. PEABODY. One difficulty was that early in the five years there came on a panic which killed the value of almost everything for sale, and the market and the community had not recovered from that panic for a year or two later as the expiration of the five years approached. That was one difficulty.

Mr. UNTERMYER. That would bring you up to the end of 1908, before the recovery from the panic of 1907?

Mr. PEABODY. It brought us further than that, I think, before there was a recovery.

Mr. UNTERMYER. You were in favor of a further extension?

Mr. PEABODY. No; I was in favor of a repeal.

Mr. UNTERMYER. Of a repeal——

Mr. PEABODY. Of the compulsory feature of the law.

Mr. UNTERMYER. Of the compulsory sale of your stocks?

Mr. PEABODY. Yes, sir.

Mr. UNTERMYER. You wanted the privilege to continue holding them without any limitation?

Mr. PEABODY. We wanted the privilege of selling them without having the compulsory feature kill the price.

Mr. UNTERMYER. Do you not think the prohibition against life insurance companies engaging in stock sales and purchases was a good one?

Mr. PEABODY. I think the provision prohibiting life insurance companies from purchasing stocks was a very good one.

Mr. UNTERMYER. I think that is all, unless there is something else you wish to say.

Mr. PEABODY. I do not think of anything else.

Witness excused.

Mr. UNTERMYER. Judge Day, will you take the stand?

TESTIMONY OF MR. WILLIAM A. DAY.

The witness was sworn by the chairman.

Mr. UNTERMYER. Judge Day, you are president of the Equitable Life Assurance Society, are you not?

Mr. DAY. I am.

Mr. UNTERMYER. You succeeded Mr. Paul Morton, who died, did you not?

Mr. DAY. Yes.

Mr. UNTERMYER. In what year was that?

Mr. DAY. 1911. He died two years ago this month, and I was vice president at the time.

Mr. UNTERMYER. You had been vice president, had you not?

Mr. DAY. Yes.

Mr. UNTERMYER. For how long?

Mr. DAY. Since about five years, then, in 1906; I think February, 1906.

Mr. UNTERMYER. Since Mr. Hyde resigned?

Mr. DAY. Yes.

Mr. UNTERMYER. Had you gone in with Mr. Morton?

Mr. DAY. Yes; I went in in July of 1905, about a month after Mr. Morton entered the society.

Mr. UNTERMYER. On whose invitation did you go into the society?

Mr. DAY. Mr. Paul Morton's.

Mr. UNTERMYER. The Equitable Life or its controlling stockholders have inaugurated a sort of policy holders' representation, have they not?

Mr. DAY. Yes, sir.

Mr. UNTERMYER. And has the majority of the stock been trusteed for that purpose?

Mr. DAY. Yes; that was the object stated in the deed of trust. The charter was amended in 1906. Under its provision the policy holders were to elect, and did elect, 28 directors out of the 52, and the share owners elected 24.

Mr. UNTERMYER. In practical effect, Judge Day, do you get any policy holders interested in those elections?

Mr. DAY. Well, no; practically, no.

Mr. UNTERMYER. Practically, they do not take any interest?

Mr. DAY. No. At every election—we have elections held annually in December, and seven policy-holder directors are voted for and six stockholder directors; that is to say, 13 are elected each year.

Mr. UNTERMYER. But in effect, who nominates those policy-holder directors?

Mr. DAY. The trustees—Grover Cleveland was the chairman of the original board—Grover Cleveland, Morgan J. O'Brien, and George Westinghouse. They nominated them in the first instance; and they called on the policy holders from all over the United States to nominate to them men that they thought were fit and competent to represent them.

Mr. UNTERMYER. They could not get any interest worked up in it?

Mr. DAY. They sent out, I think, something over 400,000 invitations, and they got perhaps 20,000 replies. And I think they sent out stamped envelopes for the replies. And from that list they made nominations, and the policy holders since then have reelected their nominees.

Mr. UNTERMYER. But the policy holders since then, have they responded at all?

Mr. DAY. No; I do not think we have ever had more than 25 to 50 policy holders actually voting at the elections.

Mr. UNTERMYER. Twenty-five to fifty policy holders out of how many hundred thousand?

Mr. DAY. Over 500,000.

Mr. UNTERMYER. So that, as a matter of fact, is it not true that a mutual company is in effect a self-perpetuating management more so even than a stock company?

Mr. DAY. Our company, the Equitable, is mutual in its operation, but its structure is stock and policy holders.

Mr. UNTERMYER. That I understand, but I am speaking of your experience, from what you know of your own company and from what you know of other companies. Is it not your experience that a mutual form of organization is a self-perpetuating form of organization?

Mr. DAY. You know, Mr. Untermyer, I have had no experience whatever with any company except the Equitable. I am able to say this, that from my experience and observation the policy holders do not take any active interest in the election of directors unless the policy of the management is challenged, and it has not been challenged in our society since Mr. Cleveland became chairman of the board of trustees.

Mr. UNTERMYER. But is it not your experience, if you have any, that even when it is challenged you can not get them interested?

Mr. DAY. Yes; in our company, speaking for the Equitable, we did try that and failed to get them. We sent out once, I think, nearly 500,000 ballots with envelopes addressed for the policy holders to vote, containing the ballots and the envelope already addressed, and to that we received—I think there were about 22,000 of the 500,000 that voted.

Mr. UNTERMYER. And it is not——

Mr. DAY. And we made extraordinary efforts at that time to get out a vote, but were unable to get it out.

Mr. UNTERMYER. And did you utilize your agency force to assist you?

Mr. DAY. I think not, Mr. Untermyer. I do not think we ever have done that.

Mr. UNTERMYER. How large is your agency force?

Mr. DAY. Oh, 5,000 anyhow; possibly more. That election, though, was conducted under the auspices of the department of insurance as well as the board of trustees, of which Mr. Grover Cleveland was chairman.

Mr. UNTERMYER. Now, I want to ask you a few questions as to your company's stock holdings. Your company holds how many shares of stock in the Bank of Commerce?

Mr. DAY. The Bank of Commerce?

Mr. UNTERMYER. Yes.

Mr. DAY. We now have about 25,000—just 25,000.

Mr. UNTERMYER. You did hold 50,000?

Mr. DAY. Yes; we did have 50,200 and something.

Mr. UNTERMYER. When did you dispose of the remaining 25,000?

Mr. DAY. It was in April, I think, of last year.

Mr. UNTERMYER. Have you the correspondence bearing upon that subject?

Mr. DAY. No, Mr. Untermyer, I do not remember that there was any correspondence.

Mr. UNTERMYER. With whom did you negotiate?

Mr. DAY. George F. Baker. If there was any correspondence it was destroyed in our fire. All of my correspondence was destroyed.

Mr. UNTERMYER. Your building was destroyed by fire within a year?

Mr. DAY. Yes, sir; just about a year ago, the 9th day of January last year. But I can tell you the terms of the sale.

Mr. UNTERMYER. Please state them.

Mr. DAY. Mr. Baker came to see me and made a definite proposition for the purchase of half of our holdings. I submitted his proposition to our finance committee, and the finance committee authorized me to accept his offer.

Mr. UNTERMYER. That was in March or April?

Mr. DAY. It probably began in March; that was probably in March.

Mr. UNTERMYER. It was closed in April?

Mr. DAY. It was closed in April.

Mr. UNTERMYER. About the same time as the Mutual transaction?

Mr. DAY. I did not notice what date Mr. Peabody stated, but it was about that time.

Mr. UNTERMYER. I think that was the 21st of March.

Mr. DAY. Our records show that the sale was actually made or completed and it was paid for on the 3d of April. We had considerable negotiations. I was endeavoring to get a higher price than he was willing to pay.

Mr. UNTERMYER. Who constituted the finance committee?

Mr. DAY. E. B. Thomas, T. De Witt Cuyler, Frank S. Witherbee, James McMahon, former president of the Hibernia Savings Bank.

Mr. UNTERMYER. At that time Mr. Morgan owned the control of the stock, did he not?

Mr. DAY. Yes.

Mr. UNTERMYER. He had acquired it in 1910?

Mr. DAY. Yes; that is right.

Mr. UNTERMYER. And when you negotiated with Mr. Baker to buy this stock from the Equitable; this 25,200 shares; the transaction amounted to about $5,000,000, did it not?

Mr. DAY. Yes.

Mr. UNTERMYER. Did you know that Mr. Baker had any present or contingent interest in the Equitable?

Mr. DAY. No; I never heard of his having any interest in the Equitable.

Mr. UNTERMYER. On what date did you say that transaction was?

Mr. DAY. The 3d of April, that it was paid for. That is the day it was completed.

Mr. UNTERMYER. When was it negotiated for?

Mr. DAY. The negotiations were running along for, I should say, perhaps two weeks.

Mr. UNTERMYER. It appears from the correspondence here in evidence, Mr. Day, that on the 21st of April, 1911, Mr. Morgan, jr., wrote Mr. Baker, confirming various conversations that had been had previous to that time, to the effect that Mr. Morgan had the right at any time to call on Mr. Baker and take one-fourth of the stock of the Equitable Life. That was a transaction you did not know anything about?

Mr. DAY. No; I never heard of that until——

Mr. UNTERMYER. Until it came out in the testimony?

Mr. DAY. I never heard about it before.

Mr. UNTERMYER. You did not know that Mr. Stillman had a like arrangement?

Mr. DAY. No; I did not. There was no——

Mr. UNTERMYER. Would that have affected your judgment, Judge Day, in selling stock to Mr. Baker, if you had understood he had a call on the stock of the Equitable Life that owned the Bank of Commerce stock?

Mr. DAY. It would not. I will answer that in this way, Mr. Untermyer. I think I got all that it was possible for the Equitable to get for the National Bank of Commerce stock at the time this sale was made.

Mr. UNTERMYER. Well, you have got more of it, have you not?

Mr. DAY. Yes; we have 25,000 more.

Mr. UNTERMYER. Have you sought to sell it?

Mr. DAY. No; because we have been hoping, and we hoped at that time that Mr. Baker's entry into the National Bank of Commerce would result in putting more life into the bank with the result that the remaining shares would bring a higher price.

Mr. UNTERMYER. For whose account did you understand Mr. Baker had bought the stock?

Mr. DAY. I do not think I ever knew.

Mr. UNTERMYER. Did you not know that Mr. Morgan was a large stockholder in the Bank of Commerce?

Mr. DAY. Well, I knew that that was the popular belief; I thought he was a holder, yes; but I do not know how large. I probably did know at some time.

Mr. UNTERMYER. Do you know whether this purchase by Mr. Baker was made for the joint account of himself and Mr. Morgan?

Mr. DAY. No.

Mr. UNTERMYER. You do not know whether it was or not?

Mr. DAY. No; I do not know whether it was or not.

Mr. UNTERMYER. You do not know whether Mr. Stillman's purchase was made in the same way from the Mutual Life?

Mr. DAY. Indeed I did not know it was Mr. Stillman who had purchased from the Mutual Life.

Mr. UNTERMYER. Did you know for whose account the purchase was made?

Mr. DAY. Do you mean from the Mutual?

Mr. UNTERMYER. From the Mutual.

Mr. DAY. No.

Mr. UNTERMYER. Well, you knew, did you not, that prior to the time when the Mutual Life and the Equitable Life parted with one-half of their Bank of Commerce stock holdings, that both Mr. Morgan and Mr. Baker were interested in the Bank of Commerce?

Mr. DAY. I knew Mr. Morgan was.

Mr. UNTERMYER. Did you not know of Mr. Ryan's holdings in the Bank of Commerce?

Mr. DAY. No; I do not think I knew that at the time.

Mr. UNTERMYER. You knew Mr. Ryan was interested.

Mr. DAY. Yes. I knew he had been.

Mr. UNTERMYER. Do you know whether he still is?

Mr. DAY. I presume he is, but I do not know. I had supposed he was.

Mr. UNTERMYER. Do you know whether he parted with any of his holdings to Messrs. Baker, Morgan, and Stillman?

Mr. DAY. I do not know; I have no information at all on that point.

Mr. UNTERMYER. Are you a director in the Bank of Commerce?

Mr. DAY. Yes; as representing the Equitable.

Mr. UNTERMYER. Representing your stock?

Mr. DAY. Representing the Equitable stock.

Mr. UNTERMYER. Mr. Morgan has 51 per cent of the Equitable?

Mr. DAY. Yes, that is what his holding is; yes, 51 per cent.

Mr. UNTERMYER. Is the rest of the stock scattered?

Mr. DAY. Yes; I should say there are probably—there are 1,000 shares in all, and Mr. Morgan has——

Mr. UNTERMYER. Mr. Morgan has 510?

Mr. DAY. Five hundred and something. Just from recollection, I should think there were 20 or 30 other owners, the largest one probably 50 or 60 shares, and from that down to 1 share and 5 shares.

Mr. UNTERMYER. Do you know what the present price of the Bank of Commerce stock is?

Mr. DAY. No; I think it is about—the quotations are nominal. You know what a nominal quotation is. I do not think there are any actual sales.

Mr. UNTERMYER. There is not very much dealing?

Mr. DAY. No, very little.

Mr. UNTERMYER. What are the prices?

Mr. DAY. The last I recall was about 205.

Mr. UNTERMYER. 205?

Mr. DAY. Yes.

Mr. UNTERMYER. It has a capital of how much?

Mr. DAY. Twenty-five million.

Mr. UNTERMYER. 25,000,000?

Mr. DAY. Yes; 25,000,000 and 20,000,000 surplus.

Mr. UNTERMYER. The book value is 200?

Mr. DAY. Yes.

Mr. UNTERMYER. Are you not mistaken? Is not the surplus only 10,000,000?

Mr. DAY. No; I think its surplus is nearly 20,000,000.

Mr. UNTERMYER. And it is one of the great Wall Street banks?

Mr. DAY. It is one of the great banks of the United States and has been. It has extraordinary resources.

Mr. UNTERMYER. It has deposits of how much?

Mr. DAY. I ought to know, and I have known, but I could not answer offhand.

Mr. UNTERMYER. Something over 200,000,000?

Mr. DAY. I do not think as much as that, but that is a matter of public record, easy to obtain. I could furnish it to you.

Mr. UNTERMYER. Yes; we have the data here. To whom have you been giving proxies to vote on this stock?

Mr. DAY. Usually where we give them at all, we give them to the proxy committee of the bank.

Mr. UNTERMYER. To those designated by the board of directors?

Mr. DAY. Yes.

Mr. UNTERMYER. That is, the board of directors names the people who are to gather proxies, and you hand your proxies to them to vote your stock?

Mr. DAY. Ordinarily, yes. If there was any question about the management, it would be different.

Mr. UNTERMYER. But there has not been any such question?

Mr. DAY. No; not on any of those we have.

Mr. UNTERMYER. Have you any instance in mind in which you did not give your proxy to the management?

Mr. DAY. No; I do not recall any.

Mr. UNTERMYER. It is a common custom for you, is it, to give your proxies to the people who are designated by the board of directors of the company?

Mr. DAY. Yes; unless there is some question raised, we would do that.

Mr. UNTERMYER. And you do not know of any instance where any question has been raised since you have been president of the Equitable Life?

Mr. DAY. No; I do not recall any now. Certainly none in the last two years.

Mr. UNTERMYER. Do you know how large the interests of Messrs. Morgan, Baker, Stillman, and Ryan are in the Bank of Commerce?

Mr. DAY. No; I do not.

Mr. UNTERMYER. They have amounted to an effective control, have they not, so far as management is concerned?

Mr. DAY. There has been no change in the management at all, except that when Mr. Snyder resigned the vice president was elected in his place.

Mr. UNTERMYER. Do you not know that a number of Morgan directors went in?

Mr. DAY. I think that was before my time. I have only been a director since Mr. Paul Morton's decease.

Mr. UNTERMYER. Were you not a director when you were vice president?

Mr. DAY. No; I think not. I think I succeeded Mr. Paul Morton on that board. I am not sure about that; I do not recall.

Mr. UNTERMYER. Mr. J. P. Morgan, jr., I think, and Mr. Davison are members of the board, are they not?

Mr. DAY. Yes; J. P. Morgan, jr., is a member of the board, and H. P. Davison is a member.

Mr. UNTERMYER. And the Baker interests are represented by Mr. Baker and Mr. Hine, are they not?

Mr. DAY. Mr. Hine is a member of the board.

Mr. UNTERMYER. And the City Bank is represented by Mr. Vanderlip, is it not?

Mr. DAY. Mr. Vanderlip is also a member of the board.

Mr. UNTERMYER. Don't you know, Judge Day, what interests dominate that bank and its management?

Mr. DAY. No; I do not.

Mr. UNTERMYER. From the constitution of its board and the ownership of its stock?

Mr. DAY. Well, I do not recall——

Mr. UNTERMYER. Or have you not been very active in it?

Mr. DAY. No; I have not been active in it.

Mr. UNTERMYER. Have not taken any interest in it?

Mr. DAY. Yes; I have attended a number of meetings of the board. I am not an officer and not on any of the committees. I have been attending since Mr. Morton's death. I do not think I was a member of the board prior to his decease.

Mr. UNTERMYER. How can the Bank of Commerce be fairly expected to compete with the City Bank or the First National Bank, Judge Day, when the interests that are in the First National Bank and on its board are also on the board of the Bank of Commerce?

Mr. DAY. Well, I sincerely believe that Mr. Alexander is doing his best to make a good showing for the National Bank of Commerce. He was just recently elected president.

Mr. UNTERMYER. I know he is recently elected, but how can competition in the true sense of the word possibly exist between the two banks with such identity of stock interests and of management in the board? Does not that seem to you an impossibility?

Mr. DAY. I do not think I am competent to speak to that, Mr. Untermyer.

Mr. UNTERMYER. You do not think you could pass any judgment on a situation of that kind?

Mr. DAY. I do not think I know enough about the operations of the bank; indeed, I do not.

Mr. UNTERMYER. Very well; I will not press it. Were you in favor of the extension of the time limit for the disposition of stocks by the life insurance companies?

Mr. DAY. No.

Mr. UNTERMYER. You thought they ought to be closed out?

Mr. DAY. No; I thought this: I wrote a letter—I never appeared before the New York Legislature in respect to legislation at all—but I did write a letter setting out that in my opinion the stocks which the life insurance companies held generally were of a class of stocks for which there was no market, or an exceedingly slow market, or a market for a very limited amount. That particularly applied to bank and trust company stocks; and that the mandate of the legislature to sell before the 1st day of January, 1911, had operated as a cloud, and I really believed that, and it retarded their sale. There are very few people who are competent to buy those high-priced trust company stocks, for example, and high-priced bank stocks. I felt that the law was a sound one prohibiting life insurance companies from purchasing stocks, but I did think they ought to be permitted to dispose of them in their own way, without a cloud on the title.

Mr. UNTERMYER. Don't you think the law would be just as sound with respect to banks, prohibiting them from being investors or speculators in stock?

Mr. DAY. I think it is perfectly sound regarding insurance companies.

Mr. UNTERMYER. What about a bank?

Mr. DAY. I came to that conclusion in 1907, in the panic, that an insurance company ought not to own any bank stock; it ought not to be interested in sustaining any moneyed institution.

Mr. UNTERMYER. And does not that same argument apply to banks? Why should they be permitted to use depositors' money in buying stocks for a rise or a fall, instead of keeping their money liquid, for the use of their customers?

Mr. DAY. There is a great deal in that argument, Mr. Untermyer.

Mr. UNTERMYER. That is as far as you would like to go just now?

Mr. DAY. Yes; I would rather not express any opinion on the other question.

Mr. UNTERMYER. As to some of the stocks the Equitable bought, they were quite liquid and readily disposable?

Mr. DAY. Yes; some, at a price.

Mr. UNTERMYER. Take, for instance, Chicago, Milwaukee & St. Paul preferred; that is an investment stock, is it not?

Mr. DAY. Yes.

Mr. UNTERMYER. It does not fluctuate much in value?

Mr. DAY. No; but there is not a very great market for it, either.

Mr. UNTERMYER. Well, in the course of five years it would be easy to get rid of 2,000 shares, would it not?

Mr. DAY. Yes; but we all felt, and felt so in good faith, that if we put off the sale the price would rally and we would get more for it.

Mr. UNTERMYER. But instead of that, they have gone down?

Mr. DAY. They have gone on down; yes. I doubt whether we would have sold that National Bank of Commerce stock when we did but for the expiration of the time limit in which it would have become a misdemeanor if we did not dispose of it.

Mr. UNTERMYER. It was a good thing that you did?

Mr. DAY. Yes; it turned out that it was a good thing that we did.

Mr. UNTERMYER. It would be a good thing if you had sold the others?

Mr. DAY. Yes. I do not say we could find a market for all. I would not buy a share of stock for an insurance company, if the law was repealed.

Mr. UNTERMYER. There was no difficulty in selling 2,200 shares of Illinois Central 12 months ago?

Mr. DAY. No; but at a price at which we should have had to sustain a loss if we had sold most of those stocks.

Mr. UNTERMYER. It has been selling and could have been sold at a much higher price than you could get now?

Mr. DAY. Yes. When we sold the Mercantile Trust Co. stock we got a higher price than we could have gotten at the time the mandate to sell was passed.

Mr. UNTERMYER. I want to ask you a few questions about the sale of the Mercantile Trust stock. Has Mr. Peabody gone? I wanted to ask him a few questions, too.

With whom did you negotiate for the sale of the Mercantile Trust to the Bankers' Trust?

Mr. DAY. We did not sell to the Bankers' Trust. The sale was made to Benjamin Strong, jr.

Mr. UNTERMYER. Well, he was representing the Bankers' Trust, was he not?

Mr. DAY. I did not so understand.

Mr. UNTERMYER. He is president of the Bankers' Trust?

Mr. DAY. No; he is vice president.

Mr. UNTERMYER. He is vice president, and his father-in-law, Mr. Converse, is the nominal president?

Mr. DAY. Yes.

Mr. UNTERMYER. But he is the active president?

Mr. DAY. But I did not understand from conversations with him that he was buying for the Bankers' Trust.

Mr. UNTERMYER. Well, you negotiated with him, in any event?

Mr. DAY. Yes.

Mr. UNTERMYER. Did anybody else take part in the negotiation on the part of the Equitable Life?

Mr. DAY. Only our finance committee. I was the spokesman, and I was the mouthpiece, but I reported the conversations I had on the subject to the finance committee.

Mr. UNTERMYER. You did not know the purchase was being made on behalf of and for the account of the Bankers' Trust?

Mr. DAY. No; I did not.

Mr. UNTERMYER. Who did you suppose was buying that large block of stock?

Mr. DAY. Well, Mr. Strong disclosed to me the names of some of the men who were acting with him.

Mr. UNTERMYER. What was the amount involved?

Mr. DAY. Nine millions, I think.

Mr. UNTERMYER. You knew Mr. Strong was not buying it for his own account?

Mr. DAY. Oh, no; I knew he was buying on account of himself and others.

Mr. UNTERMYER. Did you know that the Bankers' Trust was then operating under a voting trust?

Mr. DAY. I did not know it until I saw it in the newspapers.

Mr. UNTERMYER. When was this Mercantile Trust sale?

Mr. DAY. The sale was concluded as of the 30th of June, 1911.

Mr. UNTERMYER. Mr. Morgan was then in control of the stock of the Equitable, was he not?

Mr. DAY. Yes; Mr. Morgan owned a majority of the shares of the Equitable Life.

Mr. UNTERMYER. You say at that time you did not know that Mr. Morgan was a voting trustee or a member of the firm was a voting trustee also in the Bankers' Trust?

Mr. DAY. No; I did not know anything about it, nor was there any reason why I should know.

Mr. UNTERMYER. Being down town in that section of the city and being largely engaged in these financial affairs on behalf of the insurance company, you did not know that the Bankers' Trust was under a voting trust?

Mr. DAY. No.

Mr. UNTERMYER. That was not a thing generally known?

Mr. DAY. It was not a thing I would have any occasion to know, Mr. Untermyer.

Mr. UNTERMYER. The Equitable Life is a very large depositor of the Bankers' Trust, is it not?

Mr. DAY. It was not before——

Mr. UNTERMYER. It is now, is it not?

Mr. DAY. Yes; but——

Mr. UNTERMYER. It has been for the past 18 months?

Mr. DAY. It has since the sale.

Mr. UNTERMYER. Your account went over to the Bankers' Trust?

Mr. DAY. Yes; our account in the Mercantile Trust Co. We deposited more largely in that company than in any other, and when they merged or consolidated they carried our account with it.

Mr. UNTERMYER. You keep from $5,000,000 to $10,000,000 in the Bankers' Trust?

Mr. DAY. We did for a time there, and that was due to the very fact we sold about between $20,000,000 and $25,000,000 of stock——

Mr. UNTERMYER. But you keep a regular balance of some millions, do you not?

Mr. DAY. No; not a regular balance.

Mr. UNTERMYER. In the Bankers' Trust?

Mr. DAY. No. The average balance—we have not increased our balance by reason of the merger, but it has increased because our cash has increased from the enormous sales of stock in the past year. We have sold about $25,000,000, and we have had an abnormal balance by reason of forced sale of these stocks.

Mr. UNTERMYER. But do you not invest your money when you get money?

Mr. DAY. As rapidly as we can safely.

Mr. UNTERMYER. What is your average balance in the Bankers' Trust? It is a few millions always, is it not?

Mr. DAY. I should say the average balance has been for some time, and will be from this on, perhaps, somewhere from $1,500,000 to $2,000,000.

Mr. UNTERMYER. And in the Bank of Commerce it is about as large?

Mr. DAY. No. It will not be as large as that, perhaps half on an average.

Mr. UNTERMYER. At any rate, being a large depositor in the Bankers' Trust, and familiar with what is going on on the Street, can you tell us whether it was generally known that there was such a thing as a voting trust of the Bankers' Trust Co.?

Mr. DAY. You naturally would suppose, I have no doubt, Mr. Untermyer, that because we buy a great many securities, and we do a large life insurance business, that I am familiar with the operations on Wall Street. I am not, not as familiar as you would suppose.

Mr. UNTERMYER. You knew the Guaranty Trust Co. was also being operated under a voting trust?

Mr. DAY. No.

Mr. UNTERMYER. You did not know that?

Mr. DAY. No; but I answer as to that, that I know of no reason why I should have been informed of it.

Mr. UNTERMYER. Do you take part in the purchase and sale of securities of your company?

Mr. DAY. Yes.

Mr. UNTERMYER. And you come into contact with financiers?

Mr. DAY. Well, many of them. I am chairman of our finance committee.

Mr. UNTERMYER. Yes; you are chairman of the finance committee and are in constant touch with the financial world.

Mr. DAY. Yes; in the class of securities we deal in.

Mr. UNTERMYER. But you are in constant touch with bankers who have securities to sell?

Mr. DAY. Yes; those who have them to sell to us.

Mr. UNTERMYER. In the ordinary course of things you would be quite as well informed as to what was going on in the Street as most men, would you not, in that neighborhood, who come in contact with financial men?

Mr. DAY. Yes; except I have nothing to do with stock exchange transactions.

Mr. UNTERMYER. When the fact came out, when it was disclosed that these two great trust companies were operating under voting trusts in the way that has been proven, was not that a surprise even to the Street?

Mr. DAY. It was new to me.

Mr. UNTERMYER. From the comment you heard, and from discussions with people, did you not find it was new to almost everybody else?

Mr. DAY. I think the newspapers said something to that effect.

Mr. UNTERMYER. Said it was new?

Mr. DAY. Yes; I think so.

Mr. UNTERMYER. No; but I do not care about that part of it. The question is whether the people down there in that neighborhood with whom you come in contact generally regarded it as new?

Mr. DAY. Well, it was new to me.

Mr. UNTERMYER. Did you ascertain that that condition had been existing for about nine years?

Mr. DAY. I read what appeared in the newspapers that was developed by this committee, that was my information.

Mr. UNTERMYER. Did you know anything about the way or the source or the banking houses or otherwise from which securities, bonds, and other securities now held by the Equitable Life were acquired?

Mr. DAY. How they were acquired?

Mr. UNTERMYER. Yes; prior to the time you came into the management?

Mr. DAY. No.

Mr. UNTERMYER. Do you know through whose influence they were acquired, or by whom they were sold to the company?

Mr. DAY. No; only from hearsay. I do not know.

Mr. UNTERMYER. You do not know personally?

Mr. DAY. No; but I know pretty well how they have been acquired since.

Mr. UNTERMYER. Yes; I understand. That is since——

Mr. DAY. 1906. I have been a member of the finance committee since 1906.

Mr. UNTERMYER. I think that is all, Judge Day.

Witness excused.

TESTIMONY OF FREDERICK H. ECKER.

The witness was sworn by the chairman.

Mr. UNTERMYER. You are an officer of the Metropolitan Life Insurance Co., are you not?

Mr. ECKER. Yes.

Mr. UNTERMYER. What office do you hold?

Mr. ECKER. Treasurer.

Mr. UNTERMYER. How long have you been connected with the Metropolitan Life?

Mr. ECKER. Nearly 30 years.

Mr. UNTERMYER. That is a mutual company, is it not?

Mr. ECKER. No; it is not.

Mr. UNTERMYER. No; that is a stock company.

Mr. ECKER. Right.

Mr. UNTERMYER. Do the policy holders vote?

Mr. ECKER. They do.

Mr. UNTERMYER. They are supposed to vote, are they not? How many of them do?

Mr. ECKER. I suggest that on the subject of the inquiry as it relates to the election of directors that Mr. Woodward is here and acts as secretary of those stockholders' meetings, and perhaps could more accurately answer those questions.

Mr. UNTERMYER. You are not familiar with that part of it?

Mr. ECKER. To some extent, but not as familiar as Mr. Woodward is.

Mr. UNTERMYER. Very well, we will inquire of Mr. Woodward. Does your company hold stocks?

Mr. ECKER. Yes.

Mr. UNTERMYER. In various corporations?

Mr. ECKER. Yes.

Mr. UNTERMYER. And has it parted with much of the stockholdings it had in 1906, when the law was passed?

Mr. ECKER. Well, it has sold some.

Mr. UNTERMYER. How much has it parted with?

Mr. ECKER. I have a list here. I have not added it up; possibly between 2,500 and 3,000 shares of different stocks.

Mr. UNTERMYER. Altogether?

Mr. ECKER. Altogether.

Mr. UNTERMYER. Out of a holding of how many thousand shares has it parted with 2,500 to 3,000 shares since January, 1906?

Mr. ECKER. I would not like to answer that accurately. I have a list of our present stockholding, and I could give you approximately the number of shares; about 40,000, I should think, we have left. I have not counted it up.

Mr. UNTERMYER. You have 40,000 left out of about 42,000 which you had in 1906?

Mr. ECKER. Something like that, I should think, without making the addition.

Mr. UNTERMYER. And what is the market value of the stock which you disposed of; what did it amount to in dollars and cents, as compared with the market value of the stock still held?

Mr. ECKER. I should think we might have sold about 20 per cent—25 per cent.

Mr. UNTERMYER. If you have sold 2,500 out of 45,000 that would be about 5 per cent, would it not?

Mr. ECKER. Yes; but——

Mr. UNTERMYER. What were the stocks which you sold?

Mr. ECKER. We sold the holdings we had in 1906 of the National Bank of Commerce, of Kansas City, Mo.; of the Franklin Trust Co., of Brooklyn; of the Peoples' Trust Co., of Brooklyn; and the Peoples' State Bank, which was formerly the State Savings Bank, of Detroit; the Federal Trust Co, of Newark; the Howard National Bank, of Burlington; and we have doubtless sold other stocks, and my answer would be quite uncertain as to the total number of stocks sold, because I was not asked to bring any except the bank stocks that have been sold in the three years, and I have not a memorandum of all of the stocks which have been sold.

Mr. UNTERMYER. Then you can not tell us in dollars and cents what sales you have made since 1906?

Mr. ECKER. Not in dollars and cents; no.

Mr. UNTERMYER. Nor the amount stil held in dollars and cents?

Mr. ECKER. As to par value I can, and I can tell you approximately the market value.

Mr. UNTERMYER. No. The par value would not be of any use.

Mr. ECKER. The par value would be about $5,844,000, and the market value between seven and eight million dollars.

Mr. UNTERMYER. Many of these stocks you still hold are stocks with a ready market, are they not?

Mr. ECKER. No; not at the price they cost the company.

Mr. UNTERMYER. Do you ever expect to get back the price it cost the company?

Mr. ECKER. Many of them we do.

Mr. UNTERMYER. Some of them you do not expect to get a fraction back, do you?

Mr. ECKER. There may be one or two.

Mr. UNTERMYER. The Allis-Chalmers, for instance, which cost the company about $655,000, you do not expect to get 10 cents on a dollar, do you?

Mr. ECKER. We would be very fortunate if we got back our original investment in Allis-Chalmers.

Mr. UNTERMYER. I say, you would be very fortunate if you got 10 cents on a dollar, would you not?

Mr. ECKER. I would not say that.

Mr. UNTERMYER. Is not that the fact?

Mr. ECKER. No; I should not think so.

Mr. UNTERMYER. Have you not had to pay an assessment?

Mr. ECKER. Yes.

Mr. UNTERMYER. And the present market value of those stocks, deducting the assessment you have paid, would not give you 5 cents on the dollar which you paid for them?

Mr. ECKER. It would not.

Mr. UNTERMYER. Are there not a number of these stocks which you hold that are marketable stocks and could have been sold at any time within this period?

Mr. ECKER. Yes; at a price.

Mr. UNTERMYER. They could have been sold at a price better than you can get for them now?

Mr. ECKER. Not in all cases.

Mr. UNTERMYER. Well, in what case, for instance, could not they have been so sold?

Mr. ECKER. Lake Shore & Michigan Southern, for instance.

Mr. UNTERMYER. Has not the Lake Shore & Michigan Southern been higher in market price than it is to-day?

Mr. ECKER. I should say not.

Mr. UNTERMYER. You think not?

Mr. ECKER. I think not.

Mr. UNTERMYER. What is the price to-day?

Mr. ECKER. The last sale that I know of was 464.

Mr. UNTERMYER. Yes, and how long ago was that?

Mr. ECKER. Last fall, within six months, I think.

Mr. UNTERMYER. Are you in favor of life insurance companies purchasing stock?

Mr. ECKER. I am not.

Mr. UNTERMYER. You are against it, are you?

Mr. ECKER. I think it would be unwise.

Mr. UNTERMYER. As long as they were purchasing stock, it kept them, to a certain extent, in speculation, did it not?

Mr. ECKER. It might. I can not say that it did, with our company. There are some investment stocks that are very excellent investments.

Mr. UNTERMYER. Do you know in what way these bonds were bought that are listed in the superintendent of insurance's report?

Mr. ECKER. I am very familiar with all the purchases since I was made treasurer.

Mr. UNTERMYER. When were you made treasurer?

Mr. ECKER. Early in 1906.

Mr. UNTERMYER. Since then have the purchases been made under your direction?

Mr. ECKER. In every instance, I believe.

Mr. UNTERMYER. Are there any bankers on your finance committee?

Mr. ECKER. Yes.

Mr. UNTERMYER. How many?

Mr. ECKER. One bank president and one ex-bank president.

Mr. UNTERMYER. Who is the bank president?

Mr. ECKER. Mr. Ollesheimer, president of the Metropolitan Bank.

Mr. UNTERMYER. The Metropolitan Bank is a bank in which the Metropolitan Life has a large stock interest, is it not?

Mr. ECKER. It has.

Mr. UNTERMYER. Your stock interest there amounts to 10,400 shares, or thereabouts, does it not?

Mr. ECKER. That is right.

Mr. UNTERMYER. And what is the total capital stock of the company?

Mr. ECKER. $2,000,000.

Mr. UNTERMYER. So that you have a clear control of that bank?

Mr. ECKER. We have.

Mr. UNTERMYER. Is that a national bank?

Mr. ECKER. No; it is a State bank. It is not a very large institution.

Mr. UNTERMYER. You have interests in other banking institutions, have you not? That is, your company has?

Mr. ECKER. Yes; a small interest, however.

Mr. UNTERMYER. Well, in the Central Trust Co.; that is not a small interest, is it?

Mr. ECKER. One hundred and forty shares.

Mr. UNTERMYER. Yes, but worth how much money?

Mr. ECKER. It is worth $1,000 a share; $140,000.

Mr. UNTERMYER. Do you approve of insurance companies controlling banks?

Mr. ECKER. It is a matter to which I have never given any consideration.

Mr. UNTERMYER. How many policy holders have you in the Metropolitan Life?

Mr. ECKER. In the neighborhood of 13,000,000 of policies.

Mr. UNTERMYER. Thirteen million policies; and how many policy holders?

Mr. ECKER. I suppose about 8,000,000. Is that right, Mr. Woodward?

Mr. WOODWARD. Between 8,000,000 and 9,000,000.

Mr. UNTERMYER. Well, we will take Mr. Woodward now. Will you take the stand, Mr. Woodward?

Witness excused.

TESTIMONY OF MR. GEORGE B. WOODWARD.

The witness was sworn by the chairman.

Mr. UNTERMYER. Are you secretary of the Metropolitan Life Insurance Co.?

Mr. WOODWARD. No; third vice president.

Mr. UNTERMYER. Are you in immediate charge of the conduct of elections?

Mr. WOODWARD. I have been elected for the last three or four years secretary of the meeting.

Mr. UNTERMYER. Of the annual meeting?

Mr. WOODWARD. Of the annual meeting.

Mr. UNTERMYER. Do the policy holders vote at those meetings?

Mr. WOODWARD. A good many vote by mail.

Mr. UNTERMYER. Do you send out notices?

Mr. WOODWARD. We send out ballots to the ordinary policy holders, with a stamped envelope addressed to the inspectors of elections.

Mr. UNTERMYER. Have you records here showing how many votes were cast at those elections?

Mr. WOODWARD. Yes. Do you want 1910 first?

Mr. UNTERMYER. If you please.

Mr. WOODWARD. The number of votes varies, according to the popularity of the candidate; but I will take the first one on the list, because I take it you do not want me to read each one——

Mr. UNTERMYER. Yes; we are interested in seeing the difference in the popularity of the candidates; so if there is any discrimination on that subject, we would like to see where it lies.

Mr. WOODWARD. At the 1910 meeting there were 10,848 votes cast in person, and they were all cast for the regular nominees.

Mr. UNTERMYER. There were no favorites there, were there?

Mr. WOODWARD. Yes; that comes later. I am giving you the votes in person.

Mr. UNTERMYER. Let us stop there. You say there were 10,000 votes cast in person?

Mr. WOODWARD. Yes.

Mr. UNTERMYER. You mean by policy holders who attended?

Mr. WOODWARD. No; stockholders.

Mr. UNTERMYER. Stockholders?

Mr. WOODWARD. The stockholders' and policy holders' votes are all in together.

Mr. UNTERMYER. There are how many shares of stock in this company—20,000, are there not?

Mr. WOODWARD. Eighty thousand.

Mr. UNTERMYER. Eighty thousand quarter shares?

Mr. WOODWARD. Eighty thousand.

Mr. UNTERMYER. Eighty thousand shares of stock?

Mr. WOODWARD. Yes; the par value is 25.

Mr. UNTERMYER. I do not want to know anything about the stockholders' votes. We are talking now about the policy holders' votes. Have you no record there of the number of policy holders' votes?

Mr. WOODWARD. Yes.

Mr. UNTERMYER. When you stated that there were 10,000 and odd votes, you did not mean that there were that number of policy holders' votes in person?

Mr. WOODWARD. No; that is the personal stock vote. Then by proxy there were 66,547, nearly all of which was a stock vote.

Mr. UNTERMYER. That is all stock?

Mr. WOODWARD. No; there may be a few individual votes by proxy in that column.

Mr. UNTERMYER. You mean a few policy holders?

Mr. WOODWARD. That sent in proxies.

Mr. UNTERMYER. Do you know whether there are any?

Mr. WOODWARD. I can estimate, because I thought you would ask that question——

Mr. UNTERMYER. No; I do not want estimates, but want to know directly.

Mr. WOODWARD. I do not know.

Mr. UNTERMYER. Then you do not know of any policy holders?

Mr. WOODWARD. Yes; I do know; but you will not let me state it approximately. I know there were some.

Mr. UNTERMYER. I will let you state what you know, but there is no use of your guessing, if you have no record and nothing to tell.

Mr. WOODWARD. If you will let me tell you how I make it up, then you can leave it out of the record, if you do not want it. There are 66,547 proxy votes turned in by the inspectors of election. Now, I know that there were cast by the president 66,476 proxy votes given to him, because I asked him.

Mr. UNTERMYER. Those are stockholders?

Mr. WOODWARD. Those are stockholders. That leaves 71 votes that were undoubtedly proxies, but I have no proof of it.

Mr. UNTERMYER. So your inference or impression is that there were 71 policy holders that voted at that election?

Mr. WOODWARD. That it not all. Then we had 8,677 votes by mail for the president, John R. Hegeman.

Mr. UNTERMYER. Those are policy holders?

Mr. WOODWARD. Those are policy holders.

Mr. UNTERMYER. Eight thousand six hundred and seventy-seven?

Mr. WOODWARD. Eight thousand six hundred and seventy-seven. For the next candidate, Thomas L. James, 8,667; for Edward C. Wallace, 8,682; Joseph P. Knapp, 8,676; Haley Fiske, 8,646; George H. Gaston, 8,672; Stewart L. Woodford, 8,661; Benjamin De F. Curtiss, 8,635; James M. Craig, 8,677; George B. Woodward, 8,675; John R. Hegeman, jr., 8,652; Thomas H. Hubbard, 8,661; John W. Hollenbeck, 8,618; William H. Crocker, 8,648; Henry Ollesheimer, 8,610; Morgan J. O'Brien, 8,642; Frederick H. Ecker, 8,637.

Mr. UNTERMYER. Those are policy holders?

Mr. WOODWARD. Those are policy holders.

Mr. UNTERMYER. And there are how many policy holders?

Mr. WOODWARD. There are probably between eight and nine million individual.

Mr. UNTERMYER. Did you send out stamped envelopes to all those eight or nine million policy holders?

Mr. WOODWARD. No; only the policy holders in the ordinary department.

Mr. UNTERMYER. You sent out stamped envelopes to them?

Mr. WOODWARD. Yes, sir.

Mr. UNTERMYER. And those are the replies you got?

Mr. WOODWARD. Those were the votes that came back.

Mr. UNTERMYER. Did you instruct your agents or notify them that there was to be an election?

Mr. WOODWARD. We notify the agents every year.

Mr. UNTERMYER. How many agents have you?

Mr. WOODWARD. We have about 10,000. We do not notify the 10,000. We notify what we call the superintendents, each of whom has a staff under him.

Mr. UNTERMYER. How many of those did you notify?

Mr. WOODWARD. About 350.

Mr. UNTERMYER. Did they assist in getting these ballots?

Mr. WOODWARD. That I do not know.

Mr. UNTERMYER. With the aid of an agency force of 10,000, was that the total result you were able to get in the way of policy holders?

Mr. WOODWARD. Well, I do not think we called on the agency force, except by circular letter, telling them the policy holders could vote if they wanted to, and if they wanted to, what they were to do.

Mr. UNTERMYER. I understood you to say you did not know whether the superintendents had instructed their agents to assist in getting the vote.

Mr. WOODWARD. I do not; but you asked me if that was all we could get by doing that.

Mr. UNTERMYER. When was the next election?

Mr. WOODWARD. 1911.

Mr. UNTERMYER. How many policy holders voted then? You need not go through the whole list, but just tell us.

Mr. WOODWARD. Twenty-eight thousand six hundred and twenty-seven was the vote cast for Mr. Hegeman by mail.

Mr. UNTERMYER. Those are policy holders, are they?

Mr. WOODWARD. Yes, sir.

Mr. UNTERMYER. And was that about the highest vote, or in that neighborhood?

Mr. WOODWARD. That is the highest vote of anyone.

Mr. UNTERMYER. How many of those, if you know, were turned in by agents or superintendents?

Mr. WOODWARD. I do not know. I think nearly all of them came by mail, because they come addressed to the inspectors of elections in sealed envelopes, and are opened by the inspectors.

Mr. UNTERMYER. But do not they come inclosed in a letter from your superintendents at times?

Mr. WOODWARD. No. I would not say they never did, but a very large majority of them come in separate envelopes addressed to the inspectors of election.

Mr. UNTERMYER. Do not your superintendents also collect them and send them on?

Mr. WOODWARD. Very few.

Mr. UNTERMYER. How many?

Mr. WOODWARD. I could not give you any idea, but very few.

Mr. UNTERMYER. How about 1911?

Mr. WOODWARD. I guess that was 1911, was it not?

Mr. UNTERMYER. You said 1910, I think.

Mr. WOODWARD. Well, I brought three here.

Mr. UNTERMYER. You have only given us two.

Mr. WOODWARD. I will give you the last one. By mail the highest number was for the president again, Mr. John R. Hegeman—83,986.

Mr. UNTERMYER. Now, can you tell us how many of those came from your superintendents?

Mr. WOODWARD. No.

Mr. UNTERMYER. Do you know whether you issued any circulars to your superintendents?

Mr. WOODWARD. Yes, sir; the same one that we have issued every year.

Mr. UNTERMYER. Have you a copy of it?

Mr. WOODWARD. Yes.

Mr. UNTERMYER. Would you please let us have it?

Mr. WOODWARD. Yes [producing paper].

Mr. UNTERMYER. That may be marked in evidence.

The paper referred to was marked "Exhibit No. 168."

Mr. UNTERMYER. These proxies and ballots were sent to your superintendents, were they not?

Mr. WOODWARD. Yes, sir; and also to all the ordinary policy holders by mail.

Mr. UNTERMYER. For what purpose were they sent to your superintendents?

Mr. WOODWARD. In order that policy holders might vote, if they wished to, as stated in the circular letter.

Mr. UNTERMYER. Were they not sent to your superintendents in order to have them solicit the policy holders?

Mr. WOODWARD. No, sir.

Mr. UNTERMYER. Have you read this circular?

Mr. WOODWARD. Yes.

Mr. UNTERMYER. Of the 83,000 votes, is there anybody who can tell us how many came in response to those circular letters from your superintendents?

Mr. WOODWARD. No, sir.

Mr. UNTERMYER. Or can you give us no idea?

Mr. WOODWARD. Nobody.

Mr. UNTERMYER. Do you know to what extent your superintendents through their agency forces canvassed and solicited the ballots and proxies?

Mr. WOODWARD. No.

Mr. UNTERMYER. That is all.

Mr. CHAIRMAN. The committee will take a recess until to-morrow at 11 o'clock for the resumption of testimony. I will ask the members to remain for a short conference.

Thereupon, at 4.45 o'clock p. m., the committee adjourned until to-morrow morning, January 8, 1913, at 11 o'clock.

EXHIBIT No. 154, JANUARY 7, 1913.

Total amount of deposits with J. P. Morgan & Co.:	
On Jan. 1, 1912	$103,177,603.49
On Nov. 1, 1912	113,345,500.00
Total amount of deposits with Drexel & Co.:	
On Jan. 1, 1912	43,532,889.66
On Nov. 1, 1912	49,146,319.65

EXHIBIT No. 155, JANUARY 7, 1913.

DECEMBER 30, 1912.

NAMES OF ALL INTERSTATE CORPORATIONS HAVING DEPOSITS WITH J. P. MORGAN & CO. UPON WHOSE BOARDS THE FIRM IS REPRESENTED, INCLUDING ALL OTHER INTERSTATE CORPORATIONS UPON WHOSE BOARDS THE NEW YORK MEMBERS ARE REPRESENTED.

	Depositors.
Alaska Development & Mineral Co	Yes.
Alaska Steamship Co	No.
Adams Express Co	No.
Alabama Great Southern Railroad Co	Yes.
Atchison, Topeka & Santa Fe Railway Co	Yes.
American Telephone & Telegraph Co	Yes.
Boston & Maine Railroad	No.
Central New England Railway Co	Yes.
Cleveland, Cincinnati, Chicago & St. Louis Railway Co	Yes.
Columbus, Hope & Greensburg Railroad	No.
Central & South American Telegraph Co	No.
Central Railroad Co. of New Jersey	No.
Chicago & Erie Railroad Co	No.
Chicago Great Western Railroad Co	Yes.
Chicago, Indianapolis & Louisville Railway Co	Yes.
Cincinnati, Hamilton & Dayton Railroad Co	Yes.
Dunkirk, Allegheny Valley & Pittsburgh Railroad Co	No.
Ellenville & Kingston Railroad Co	No.
Erie & Jersey Railroad Co	Yes.
Erie Railroad Co	Yes.
Fort Wayne, Cincinnati & Louisville Railroad Co	No.
General Electric Co	Yes.
Gulf, Colorado & Santa Fe Railway Co	No.
Hartford & Connecticut Western Railroad Co	No.
International Harvester Co	Yes.
International Mercantile Marine Co	Yes.
International Agricultural Corporation	No.
J. G. White & Co. (Inc.)	No.
J. I. Case Threshing Machine Co	Yes.
Kennecott Mines Co	Yes.
Lake Erie & Western Railroad Co	No.
Lake Shore & Michigan Southern Railway Co	Yes.
Lehigh Valley Railroad Co	No.
Lehigh Valley Railway Co	No.
Lamont, Corliss & Co	No.
Maine Central Railroad Co	No.
Mexican Telegraph Co	No.
Michigan Central Railroad Co	Yes.
Mobile & Ohio Railroad Co	No.
New England Navigation Co	Yes.
New England Railroad Co	No.
New Jersey Junction Railroad Co	No.
New York & Ottawa Railway Co	No.
New York Central & Hudson River Railroad Co	Yes.
New York, Chicago & St. Louis Railroad Co	Yes.
New York, New Haven & Hartford Railroad Co	Yes.
New York, Ontario & Western Railway Co	No.
New York, Westchester & Boston Railway Co	No.
Niagara Falls Branch Railroad Co	No.
Niagara Development Co	Yes.
Niagara Falls Power Co	No.
Niagara Junction Railway Co	Yes.
New York & Long Branch Railroad Co	No.
Northwestern Commercial Co	Yes.
Northwestern Fisheries Co	No.
National Tube Co	No.
New Jersey & New York Railroad Co	No.
New York, Susquehanna & Western Railroad Co	Yes.

	Depositors.
Northern Pacific Railway Co	Yes.
Ontario, Carbondale & Scranton Railway Co	No.
Pittsburgh & Lake Erie Railroad Co	No.
Port Jervis, Monticello & Summitville Railroad Co	No.
Pullman Co	Yes.
Pere Marquette Railroad Co	Yes.
Rutland Railroad Co	No.
Reading Co	No.
Syracuse, Geneva & Corning Railway Co	No.
Santa Fe, Prescott & Phoenix Railway Co	No.
Southern Railway Co	Yes.
United States Steel Corporation	Yes.
Union Typewriter Co	No.
Utah Copper Co	No.
Wallkill Valley Railroad Co	No.
West Shore Railroad Co	No.
Western Union Telegraph Co	Yes.
Westinghouse Electric & Mfg. Co	No.

EXHIBIT No. 156, JANUARY 7, 1913.

AMOUNT OF SECURITIES OF INTERSTATE CORPORATIONS MARKETED BY J. P. MORGAN & CO. DURING THE YEARS 1902–1912.

Year.	Dollars.	Francs.	Pounds sterling.
1902	205,628,000		
1903	126,618,000		
1904	71,227,000		
1905	103,254,000		
1906	205,475,000		
1907	136,681,000		
1908	200,415,000		
1909	191,629,000		
1910	174,921,000	100,000,000	1,031,000
1911	207,808,000	60,000,000	200,000
1912	230,570,000	25,000,000	1,400,000
Total	1,914,226,000	185,000,000	2,631,000

EXHIBIT No. 159, JANUARY 7, 1913.

BANKERS' AGREEMENT.

Memorandum of agreement made this sixteenth day of March, 1896, by and between

J. P. Morgan & Co. and the Deutsche Bank (hereinafter called the bankers) parties of the first part (neither of the parties of the first part contracting for the other), and

Edward D. Adams and others, constituting the Northern Pacific Reorganization Committee (hereinafter called the committee), as such committee and not individually, parties of the second part:

Whereas, The committee has prepared and, with the approval of the bankers, is about to issue a plan for the reorganization of the Northern Pacific Railroad Company; and

Whereas, The committee desires to insure to the new company the services of the bankers in the manner, to the extent, and upon the terms and conditions hereinafter set forth:

Now, therefore, this agreement witnesseth: That, in consideration of the premises and of the mutual promises herein contained, and the expected benefits from the performance thereof,

The bankers severally agree:

To enter into agreement with the new company, upon its demand;

To assist, during the next ten years, in marketing such additional securities as the new company may desire to market, upon such terms and for such compensation as from time to time may be agreed upon by the new company

and by both of the bankers, it being understood, however, that the bankers shall not be required to market any securities issued without their joint express approval in writing.

The committee convenants and agrees:

Without personal liability on its part or on the part of any of its members, to use its best endeavors, so long as the bondholders' agreement under which they exist shall be in force, to cause the new company to enter into agreement with said bankers:

That at all times during said period of ten years, the new company will give to the bankers, upon request of either of them, full information regarding the accounts, operations and conditions of the company and its property, and a preference with reference to all new securities which it may desire to issue as to the purchase thereof, also with reference to loans and other financial services the new company may desire, but only upon terms at least as beneficial to the new company as may be offered it by any other party at the time.

Witness the following signatures the day and year first above written:

(Signed) J. MORGAN & Co.
(Signed) DEUTSCHE BANK.
(Signed) A. GWINNER.
(Signed) EDWARD D. ADAMS,
As Chairman Northern Pacific Reorganization Committee.

(Copy.)

[Extract from minutes of meeting of the reorganization committee of the Northern Pacific Railroad Co. held at the office of the committee, room No. 2, fourth floor, Mills Building, New York, on Saturday, March 14, 1896.]

The chairman also stated that in the conferences between the bankers and himself it had been considered desirable that the bankers who had charge of the reorganization, should, if possible, continue their friendly relations with the reorganized company for further 10 years upon terms and conditions set forth in the agreement prepared for this purpose and now laid before the committee, and, on motion duly made and seconded, it was

Resolved, That the proposition made by the chairman on behalf of the bankers acting in the reorganization of the Northern Pacific Railroad Co. meets with the full approval of this committee, and that it will use its best endeavors to have the same carried out by the new company.

A true copy:

(Signed) A. MARCUS, *Secretary.*

EXHIBIT No. 160, JANUARY 7, 1913.

CALIFORNIA PETROLEUM CORPORATION STOCK SYNDICATE.

[Confidential.]

SEPTEMBER 21, 1912.

DEAR SIR: We are forming a syndicate of which we shall be managers, and in which we shall participate, to purchase from us $5,000,000, par value, preferred stock of the California Petroleum Corporation, and $2,500,000, par value, common stock voting trust certificates, for the sum of $5,000,000 cash and accrued dividend on the preferred stock.

We have reserved for you a participation in this syndicate of $_____ cash and accrued dividend, representing the equivalent of the purchase price by the syndicate of $_____, par value, preferred stock and $_____, par value, common stock.

The syndicate is to continue until April 1, 1913, unless sooner terminated by us in our discretion. We shall make no charge to the syndicate for our services as managers, but shall be entitled to retain for our own benefit, the difference in common stock and cash between the price to the syndicate and the price paid by us. We have arranged for the formation of other syndicates in London and Paris to purchase further amounts of the preferred and common stocks from us on the same terms.

Both the preferred and common stocks are to remain syndicated for sale under our management, the preferred stock not to be sold at less than 91½ and accrued dividend, nor the common stock at less than 40.

We hand you herewith copy of a letter which we have received under date of September 20, 1912, from Messrs. E. L. Doheny and C. A. Canfield, describ-

ing the California Petroleum Corporation to be organized and its stocks, with certain other data, and also a letter from Dr. Ralph Arnold, dated August 13, 1912, concerning the same. We are further sending you under separate cover a complete copy of Dr. Arnold's report to us upon the controlled properties, together with maps and photographs.

The accounts of the controlled properties were audited for us by Messrs. Price, Waterhouse & Co., chartered accountants. All legal matters in connection with the new corporation are under the supervision of our counsel, Messrs. Cravath, Henderson & de Gersdorff, for whom the titles to the proven properties have been passed upon by H. W. O'Melveny, Esq., of Messrs. O'Melveny, Stevens & Millinken, of Los Angeles, Cal.

Please advise us promptly if you desire to accept this participation and in due course we will send you formal confirmation, together with copies of the syndicate agreement for your signature and files.

Yours, truly,

——— ———, *Syndicate Managers.*

EXHIBIT No. 161. JANUARY 7, 1913.

CALIFORNIA PETROLEUM CORPORATION STOCK SYNDICATE.

[Confidential.]

NEW YORK, *September 24, 1912.*

DEAR SIR: Referring to your cash participation in the above syndicate of $----------, we now inclose two copies of the syndicate agreement.

Kindly sign one copy for the amount of your participation, as above stated, and return same to us, retaining the other copy for your files.

Yours, truly,

——— ———, *Syndicate Managers.*

EXHIBIT No. 162, JANUARY 7, 1913.

CALIFORNIA PETROLEUM CORPORATION STOCK SYNDICATE.

[Confidential.]

OCTOBER 21, 1912.

DEAR SIRS: Referring to your participation in the above syndicate, we would say that as all the preferred and common stocks purchased have now been sold, we take pleasure in inclosing our check for $----------, being your share of the profit realized. Kindly acknowledge receipt of same as in final settlement of your interest in the syndicate.

Yours, truly, ——— ———, *Syndicate Managers.*

EXHIBIT No. 163.—JANUARY 7, 1913.

NEW YORK CURB MARKET ASSOCIATION.

NEW YORK CURB MARKET MANUAL OF CONSTITUTION, RULES, REGULATIONS, AND PENALTIES.

[Information regarding employees, public messengers, transfer and registrar offices, listing of stocks, blanks, notices, list of members and all matters pertaining to New York Curb Market, obtainable at the secretary's office.]

Application—In re: ———. ———, 19—.

SECRETARY OF THE NEW YORK CURB MARKET,

New York.

——— hereby apply to become a member of the New York Curb Market. Firm name, ———. Address, ———. Name of individual partners, ———. Residence of each, ———. Nature of business, ———. Bank with, ———. References, ———. Initiation and dues inclosed, ———, and hereby agree to comply with the constitution, rules, regulations, and penalties, as laid down in the manual of the New York Curb Market.

Respectfully, ——— ———.

CONSTITUTION AS AMENDED AND ADOPTED.

ARTICLE I.—*Title—Objects.*

The title of this association shall be the "New York Curb Market."

Its objects shall be to furnish constitution, rules, regulations, penalties, and facilities for the transaction of business by its members, as dealers or brokers, in securities not listed in any department of the New York Stock Exchange. Also to take over all archives or other assets now held and owned by the New York Curb Market Agency, registered.

ARTICLE II.—*Government.*

The government of the New York Curb Market (hereafter designated as the "Association") shall be vested in a board of representatives composed of 15 members, which shall be elected at a meeting to be held annually, in the manner herein provided. Such board of representatives shall be the officers and executive authority of the association.

ARTICLE III.—*Board of representatives.*

SECTION 1. The board of representatives shall be divided into three classes, each class consisting of five members, first class to hold office for one year, second for two years, and third for three years.

SEC. 2. The board of representatives shall determine the manner and form by which all its proceedings shall be conducted; appoint and dissolve all standing or other committees, and elect a chairman, secretary, and treasurer from their own number for the proper conduct of business.

SEC. 3. It shall fix the amount of initiation fee, dues, listing fee, and salaries; and through its finance committee the method of collection and payment of the same; regulate all business and make such other requirements for the purposes of insuring economy, safety, and the protection of its members, as may appear to the board to be necessary or proper.

SEC. 4. The members of the board of representatives shall attend the meetings of the board and act promptly upon any and all matters of business affecting the association that may be brought before them.

SEC. 5. Any member of the board absenting himself from three consecutive meetings without having been excused by the chairman may be declared no longer a member thereof by a two-thirds vote of the existing members.

SEC. 6. Vacancies occurring in the board of representatives from any cause whatever shall be filled by the remaining members until the next annual election.

SEC. 7. A majority of all the existing members of the board of representatives shall be necessary to constitute a quorum for the transaction of business.

SEC. 8. Eight members of the board of representatives may request the chairman to call a special meeting of the board by giving notice in writing, when it shall be his duty to at once notify all members of the board of such notice and call such meeting.

ARTICLE IV.—*Chairman.*

SECTION 1. The chairman shall preside over all meetings of the association, and shall also be presiding officer of the board of representatives.

SEC. 2. The chairman may call special meetings of the association and of the board of representatives. He shall call special meetings of the association on written request of 50 members.

SEC. 3. In case of special exigencies he may appoint committees for the purpose of transacting business or performing service not within the province of any standing committee.

SEC. 4. He shall be ex officio a member of all committees.

ARTICLE V.—*Secretary.*

SECTION 1. It shall be the duty of the secretary to record in a book of minutes the proceedings of the association and take charge of all its books, papers, records, statistics, and correspondence.

SEC. 2. He shall be a member of the board of representatives and their secretary and secretary of all committees of the association.

SEC. 3. He shall be the accountant of the association and shall perform such other duties as the board of representatives may direct.

SEC. 4. He shall countersign all checks and orders for the payment of money.

ARTICLE VI.—*Treasurer.*

SECTION 1. It shall be the duty of the treasurer to receive and, acting under instructions from the finance committee, take charge of and disburse the moneys of the association, keeping proper books of record of the same.

SEC. 2. He shall present to the board of representatives at their first meeting each month a report of the finances of the association to the first day of the month.

SEC. 3. All checks for disbursements made by him shall be countersigned by the secretary.

SEC. 4. In event of failure or neglect or inability of the treasurer for any reason to execute the duties of his office, the finance committee shall appoint one of its own members who shall act as treasurer pro tem.

ARTICLE VII.—*Elections.*

SECTION 1. The first election for representatives shall be held on the adoption of this constitution, and thereafter the annual election for representatives whose terms have expired, and to fill vacancies from other causes, shall take place on the first Wednesday in February each year thereafter.

SEC. 2. At said election there shall also be chosen a nominating committee to consist of five members, not officers of the association. It shall prepare and report to the association at least two weeks prior to the annual election in the following year, nominations to fill such vacancies in the board of representatives as are to be filled at the ensuing election. The committee's report shall be presented to the board of representatives, and, if approved, the names shall be presented as the nominees upon the regular ticket. In case such report is disapproved by the board of representatives, it shall be referred back to the nominating committee for amendment, and if the nominating committee fails to present an amended report within 10 days prior to the day of the annual election, which report is thereupon duly approved by the board of representatives, or in case the nominating committee fails to present a report at least two weeks prior to the day of the annual election, then and in such case the board of representatives shall elect a new nominating committee from among the members of the association, not officers of the association, which shall present its report at least one week prior to the annual election, and if approved by the board, the names shall be presented as the nominees upon the regular ticket.

SEC. 3. All members of the association in good standing shall be entitled to a vote at the annual election or at any meeting of the association.

SEC. 4. All elections shall be by ballot, and the time, method, and place for said elections shall be designated by the board of representatives.

ARTICLE VIII.—*Eligibility for membership.*

SECTION 1. No person shall be elected as a member who at the time of his application has any claims filed against him for any indebtedness to members or others.

SEC. 2. No person shall be eligible as a member who is under 21 years of age; nor shall any member employ as his representative any person who is under 21 years of age for any trading purposes whatever.

ARTICLE IX.—*Standing committees.*

SECTION 1. After the annual election the board of representatives shall elect their chairman, secretary, and treasurer, and appoint the following committees:

First. A finance committee to consist of five members, and the treasurer. It shall meet prior to the regular meeting of the board of representatives each month and examine the various accounts and vouchers of the secretary and treasurer; acting as a board of audit, and shall report its examination to the

board of representatives. It shall provided ways and means, levy and collect funds for the suitable conduct of the finances of the association; it shall recommend to the board of representatives the amount of initiation, and the dues to be required each year from the members, and any other matters pertaining to the finances of the association.

Second. A committee on commissions to consist of five members, who shall fix the various rates of commissions, to be concurred in by the board of representatives; also to report to the board any violations of the rates, whereupon the board shall fix such penalties as it may deem proper.

Third. A membership committee to consist of five members. All applications for membership and all applications of suspended members for reinstatement shall be referred to this committee.

The majority vote of all the members of this committee will be necessary to recommend for membership, or reinstate a suspended member, and the consent of the board of representatives required. No person can be admitted to membership or reinstated except at a regular meeting of the board of representatives.

Fourth. A committee on listing to consist of three members. It shall receive and consider all applications for listing securities, submit a report to the board of representatives, giving full statement concerning organization, capitalization, resources, and indebtedness. It shall have full control over the publishers of quotation lists.

It shall make all necessary rulings as to securities, including the fixing of delivery days, accrued interest periods, and the time for settlement of contracts in unissued securities.

Fifth. A committee on complaints to consist of three members, to whom shall be referred complaints for investigation and settlement, if necessary; or if of a more serious character be referred to the board of representatives for action.

Sixth. An arbitration committee to consist of five members, shall investigate and decide when properly brought before it, in writing, all claims and matters of difference arising from contracts subject to the rules of the association between members of the association; or at the instance of a member between members and nonmembers. This committee may dismiss any case and refer the parties to their remedies at law, and it shall so refer them on joint request in writing of the contestants. The decision of this committee shall be final in all cases, unless an appeal be taken to the board of representatives; upon such appeal the board of representatives may adjudicate the case and relegate the parties to their remedies at law, or direct a rehearing by the arbitration committee.

A nonmember making a claim shall execute an agreement to abide by the rules of the association, and also a full release of said claim, and shall deliver them to the chairman of the arbitration committee, who shall keep them in trust to abide the result of the said arbitration and deliver them to the defendant in any of the following cases:

A. In case the claimant shall fail to appear before the committee, after notice from the secretary at the time and place set for the hearing by the committee.

B. In case judgment shall be rendered for said defendant by the arbitration committee.

C. In case the defendant shall pay, or offer to pay, to the claimant the amount found due him and shall have filed with the chairman satisfactory evidence of such payment.

D. In case findings shall be made against any member of the association which he neglects to pay, or if the case be dismissed, then such release shall be canceled and returned to the complainant.

Seventh. A law committee to consist of three members, to whom shall be referred all questions of law affecting the interest of the association.

Eighth. A committee on constitution to consist of five members, to whom shall be referred all additional reforms and amendments to the constitution and by-laws.

This committee shall consider all proposed amendments or changes and report to the board of representatives, with its recommendation, at their next regular meeting, or at a special meeting called solely for the purpose of considering them.

ARTICLE X.—*Appeals.*

SEC. 1. All appeals to the board of representatives from any decision of standing committees must be made by the member of the association interested

therein, in writing, to the chairman within two days after such decision has been rendered.

ARTICLE XI.—*Initiation, dues, etc.*

SEC. 1. The initiation fee and six months' dues must accompany all applications for membership, and any person elected to membership must sign the constitution and over his signature agree to abide by the constitution, rules, regulations, and penalties contained in the New York Curb Market Manual.

SEC. 2. The initiation fee and dues shall be paid at such periods and in such amounts as may be designated by the board of representatives.

SEC. 3. Any member neglecting to pay his dues when notified by the secretary by mail or by messenger, or by posting upon the bulletin board, shall be subject to such penalties as the board of representatives may inflict.

ARTICLE XII.—*Expulsion and suspension.*

SEC. 1. Any member who shall be adjudged by a two-thirds vote of the existing members of the board of representatives to be guilty of fraud, fraudulent acts, or unseemly conduct may be suspended or expelled, and public announcement may be made to the members by blackboard, mail, or otherwise.

SEC. 2. Any person who shall be connected directly or indirectly, or by a partner, with any association, corporation, or exchange other than the New York Stock Exchange in the city of New York, which permits dealing in any security or property admitted to dealing in any department of the New York Stock Exchange, shall be ineligible for membership.

SEC. 3. A member who shall have been adjudged by a majority vote of all the existing members of the board of representatives after due trial of willful violation of the constitution, rules, and regulations of the association, or of any resolution of the board of representatives regulating the business of the members, or of any conduct inconsistent with just and equitable principles of trade, may be suspended or expelled, as the board of representatives may determine.

SEC. 4. No person shall be allowed to be represented by professional counsel at a hearing before the board of representatives or of any standing or special committees.

SEC. 5. Violations of the rates of commission, now in force or hereafter amended, changed, or adopted by the board of representatives, shall be considered as detrimental to the interests of the association, and shall be referred to the committee on complaints for action.

ARTICLE XIII.—*Employees' accounts.*

SEC. 1. The taking or carrying of any account, joint or otherwise, for an employee of a member of the association, by a member of the association, without written consent of his employer, is prohibited.

Any violation of this article by any member of the association subjects him to such penalties as the board of representatives may determine.

ARTICLE XIV.—*Alterations of the constitution.*

The board of representatives may make additions, alterations, or amendments to the constitution by a majority vote of all its existing members. Every proposed addition, alteration, or amendment must be presented in writing at a regular meeting of the board of representatives and referred to the committee on constitution, which shall report thereon at the next regular meeting of the board of representatives or at a special meeting called solely for the purpose of considering it. Action thereon may be postponed to a fixed date by two-thirds vote of the members of the board of representatives present. Such alterations when adopted by the board of representatives shall be submitted to the association, and shall stand as the law of the association if not disapproved within one week by a majority vote of the entire membership.

We, the undersigned, do hereby absolutely bind ourselves to abide by the constitution, rules, and regulations as set forth in the New York Curb Market Manual, which is hereby adopted and agreed to by us. 'Our object is to provide for the maintenance and government of the New York Curb Market, the purpose of which is to deal only in securities not listed in any department of the New York Stock Exchange; we further agree that when any security

traded in upon the New York Curb Market is listed upon the New York Stock Exchange, we will at once cease to deal in it; and we further agree to trade only with members of the association, except as specified in the manual regarding strangers or others, while being a public street market. We further agree to subject ourselves to any and all penalties mentioned within the said New York Curb Market Manual, and do hereby authorize and empower the board of representatives elected and chosen by us to prescribe and carry out such penalties and to act for us in all representative capacities in all business, trading, and operations conducted by or with us in the New York Curb Market.

Date ——— 19—.

Signature ——— ———

Witnesses ——— ———

SPECIAL NOTICE.

Contracts with strangers.—The New York Curb Market is open to all who choose to trade there, but no one is obliged to accept any contract which is not acceptable. Strangers or others must be properly identified in justice to themselves and those they attempt to trade with, and they may be called upon to give up acceptable persons before the contract is closed. This is for the safety of all concerned.

Public complaints.—For the protection of the public, complaints made in writing against any corporation or member or individual using the New York Curb Market, directly or indirectly, will be investigated and referred to the proper authorities for suitable action.

MANUAL.

The following rules, regulations, and penalties have been accepted and agreed to by the members of the New York Curb Market:

New York Stock Exchange securities.

Special agreement.—Trading or quoting securities listed on New York Stock Exchange absolutely prohibited, and excluded from the New York Curb Market quotation and authorized sale list.

When securities are listed by the New York Stock Exchange the trading and reporting of sales ceases.

Trading hours.—Trading will not begin before 10 o'clock a. m., and promptly close at 3 p. m., except Saturday, when the close is 12 m. on each business day of the year.

The electric bell on the clock will announce the time.

1. *Public messengers.*—The cap with badge must at all times be worn in sight, both in receiving and delivering messages, for identification, and boys are forbidden to accept messages from other than subscribers.

The rates to be charged are as follows: Within Broadway, William, Cedar, and Beaver Streets, each message on delivery, 5 cents; certifying checks, and answers requiring waiting, 5 cents for each 10 minutes. Messages outside above limits, price must be agreed upon before sending. Overcharges prohibited. In case of dispute or overcharge take messenger's badge number and report him to the secretary.

Violation of these rules will cause badges to be revoked forthwith by the secretary.

2. *Boys employed by brokers.*—It is required that boys employed by brokers be furnished with a numbered button, to be worn in sight for identification, in order that they may remain within the lines allotted by police for trading. Buttons furnished to members, record kept for identification.

The secretary should be notified when boys are discharged or leaving.

3. *Police regulations for street to be rigidly enforced.*—Trading outside ropes prohibited; sidewalks and streets must be kept clear at all times for traffic; skylarking, disorderly conduct, and unnecessary noise forbidden.

4. *Orders to buy or sell.*—All offers to buy or sell securities are for 100 shares of stock or for $10,000 par value of bonds unless otherwise stated.

Offers to buy or sell specific amounts, other than as above stated, may be made at the same time and may be independently accepted.

Bids and offers may be made only as follows: "Cash" for delivery upon the day of contract.

"Regular way" for delivery upon the business day following the contract.

"Buyer's" or "seller's" options for not less than four days nor more than 60 days.

"At three days" for delivery upon the third following the contract.

Bids and offers under each of these specifications may be made simultaneously, as being essentially different propositions, and may be separately accepted without precedence of one over another.

Bids and offers made without stated conditions are considered to be in the "regular way."

5. *Time contracts.*—On transactions for more than three days, written contracts shall be exchanged on the day following the transaction, and shall carry interest at the legal rate, unless otherwise agreed; on such contracts one day's notice shall be given, at or before 2.15 p. m., before the securities shall be deliverable prior to the maturity of the contract.

On offers to buy "seller's option" or to sell "buyer's option" the longest option shall have precedence. On offers to buy "buyer's option" or to sell "seller's option" the shortest option shall have precedence.

All contracts falling due on holidays or half-holidays shall be settled on the preceding business day, except when two or more consecutive days are holidays or half-holidays; contracts falling due on other than the first of such days shall be settled on the next business day.

Loans of money or securities made on the day preceding a holiday or half-holiday observed shall mature on the succeeding business day unless otherwise specified.

6. *Return loan notices.*—Notice of the return of loans by money or securities must be given before 1 o'clock p. m. All such notices shall be considered as in full force until delivery is made.

7. *Half-holiday sales.*—On half-holidays securities sold specifically for cash or to close contracts must be delivered at or before 11.30 o'clock a. m. In case of default the contract may be closed after 11.45 o'clock a. m.; written notice must be served upon the party in default.

8. *Damages are not to be deducted.*—Parties receiving securities shall not deduct from purchase price any damages claimed for nondelivery, except by consent of the party delivering the same.

9. Delivery by transfer.—Any purchaser may demand the delivery of any stock by transfer.

The seller having the right to demand the amount due for the same in certified check deposited at the transfer agency before such transfer is made, said amount only to be paid seller when transfer is consummated, except in such cases where transfer receipt of the transfer agency accompanies the bill.

10. *Ex-dividend contracts.*—Stocks sell ex-dividend (except for cash) on the day books close in New York (except Saturday, then the business day preceding).

Stocks having transfer offices in other cities, agreement must be made between contracting parties regarding dividend at time of sale and so compared.

11. *Bonds.*—Deliveries can only be made in bonds of not less than $500 each, unless stipulated at time of sale otherwise.

All bonds will be quoted and interest, unless sold flat and so compared and recorded at time of sale, except defaulted bonds, which must carry all unpaid coupons. Money can only be attached for missing coupons by special agreement at time of sale.

12. *Stocks.*—All deliveries in stocks except certain mining stocks must be made in 100-share certificates or in amounts equal thereto, except in case of odd lots, when the exact amount must be delivered in certificates or by transfer if the purchaser agrees to take the same in this manner.

13. *Deliveries, on account of contracts.*—The buyer must not later than 2.15 o'clock p. m. accept and pay for all or any portion of a lot of stock contracted for which may be tendered in lots of one hundred shares or multiples thereof; and he may buy in cash the undelivered portion, if having made the usual demand for the entire contract. This rule also applies to bonds in lots of not less than $1,000.

14. *When, as, and if issued contracts.*—All "when, as and if issued" contracts shall become due and payable the day after the final payment on same has been made, under terms of corporation's circular, and interest then ceases thereon, except when listed by the New York Stock Exchange and delivery day announced by the Stock Exchange.

15. *Deliveries.*—All stocks and bonds must be delivered before 2.15 p. m. unless otherwise specified.

16. *Payment upon delivery.*—In all deliveries the party delivering shall have the right to require the purchase money to be paid upon delivery and certified checks may be demanded.

17. *Rules not herein specified.*—In case where the manual does not state specifically a rule, the same shall be governed by the rules of the New York Stock Exchange in like cases.

18. *Stocks issued and marked for special purposes.*—Companies disposing of treasury stock will notify secretary of amount and date of sale. Companies who increase or decrease their capital stock must also notify secretary. Stock issued with stamp thereon marked for purchase property or otherwise or stock stamped treasury stock, is only a good delivery when the same is so specified at the time of sale and compared as such.

19. *Bankruptcy—Receivership, assignee or other failures.*—Contracts should be closed on official notice of failure, after duly notifying receiver or assignee or other designated officer the time and place and where the transaction is to be bought or sold. In closing contracts it must be publicly announced for whom the purchase or sale is made. When closed, a statement must be sent to the authorities in charge—if a credit, a check attached for difference, if a debit, amount of such. The names from whom the securities were bought or sold must be stated and full statemnt also filed with the secretary of the association for record.

20. *State transfer tax stamps.*—The New York State law requires stamps be put on all bills of sale and the same mutilated or cut to prevent fraud.

Those who do not comply with this law are liable to criminal prosecution and fine.

21. *Reclamation for irregular deliveries of securities.*—Reclamation for irregularities in securities must be made within 10 days from date of delivery and before 2.15 p. m. Irregular securities having been delivered shall be returned to the party who delivered them, who must immediately give the party presenting them the security in proper form for delivery; such securities in proper form must be delivered to the claimant before 2.15 p. m. on the day of demand.

22. *Disputes on contracts.*—When a disagreement arising from a transaction in securities shall be discovered, the money difference shall forthwith be established by purchase of sale and settled by arbitration committee under the rules.

23. *Arbitration settlements.*—Settlements for arbitration decisions must be made on the next business day following such decision, and unless so made the member may be suspended from the association.

24. *Fictitious sales.*—No fictitious sales shall be made. Any subscriber violating this section may, upon proof, be suspended or expelled and name posted on blackboard.

25. *Quotation lists.—Requirements.*—Authorized publishers of sales of securities on the New York Curb Market are prohibited to furnish same to persons or corporations other than subscribers without consent of the board of representatives.

They shall print only sales made on the New York Curb Market and then only within prescribed hours of trading.

Proper reporters must be employed to collect the sales and due care to have them correct, and the publishers must at all times be able to furnish the authority.

Violations of these regulations will cause the revoking of the privilege to report the official sales.

26. *Deposits on contracts.*—Mutual cash deposits not exceeding 10 per cent may be required at any time by either party to a contract. Whenever the margin of either party becomes reduced to 5 per cent by reason of changes in the market value of the securities, further deposits may be called from time to time sufficient to restore the impaired margin.

When deposits are called before 2 o'clock p. m., they must be made at or before 2.30 o'clock of the same day. If called after 2 o'clock p. m. they must be made at or before 10.30 o'clock a. m. of the next business day.

In case either party shall fail to comply with a demand for a deposit, in accordance with the provisions of this article, the party calling, after having given due notice, may report the default to the chairman or an officer of the association, who shall repurchase or resell the security forthwith, and any difference that may accrue shall be paid over to the party entitled thereto.

27. *Trust company in case of disagreement.*—In event of contracting parties not agreeing upon the trust company to receive joint margin deposits on time contracts, the Columbia Trust Co. of New York has been requested to receive such deposits.

28. *Mining stocks.*—Mining stocks which have transfer offices other than as stated below, the following regulations apply thereto:

Stocks selling at two dollars ($2) per share and above must be delivered in 100-share certificates or amounts equal thereto, unless otherwise specified at time of sale, and so compared.

All stocks selling at or under two dollars ($2) may be delivered in certificates of 1,000 shares each, unless otherwise specified at time of sale, and so compared. This rule does not apply to companies having transfer offices in New York, Boston, Philadelphia, and Pittsburgh, in which event certificates must be of 100 shares or amounts equal thereto.

29. *New York transfer agencies.*—Companies desiring to list their securities may be required to have a transfer office or registrar, or both, at New York, and upon failing to maintain the same after listing may be denied further quotations on curb lists.

30. *Transfer charges, etc.*—No listed company is permitted to charge for the ordinary transfer of its stock certificates under penalty of having stock removed from sales lists. Exception is, however, made where special transfers or certificates are demanded.

31. *Change of registrar or in certificate.*—After a stock has been placed upon the list, any change in the certificate, or place of registry, must be reported to the secretary.

32. *Closing of transfer books.*—All companies must notify the secretary at least one week before the closing of transfer books. Neglect to so notify may cause the stock to be refused further quotation on the New York Curb Market lists.

33. *Statement of companies.*—Periodical and complete financial statements will be required as to the condition of all corporations quoted on the New York Curb Market lists, signed by an officer of the company, with seal attached. These statements must be made, when required, to the secretary. If not, the securities will be removed from the New York Curb Market lists without notice.

34. *Publications and circulars.*—Publications or circulars issued reflecting directly or indirectly on members of the public market, known as the New York Curb Market, are prohibited absolutely.

35. *Securities in the name of a deceased person or a firm that has ceased to exist* are not a delivery except when the transfer books are closed. The assignment must be acknowledged before a notary public.

36. *Securities of a company whose transfer books are closed indefinitely* for any reason, legal or otherwise, the assignment and each prior assignment or substitution must be acknowledged by a notary public.

37. *Delivery of certificates when filled in and transfer books are closed.*—In case the power on the back of a certificate of stock has been filled in to transfer the stock to an individual or a firm, and transfer books are closed, the following is necessary in order to make the certificate a good delivery.

The party whose name has been filled in as transferee, and the attorney, if an attorney's name has been filled in, must each separately write on the back of the certificate: By transferee "I (or we) have no interest in the within certificate of stock." By attorney, "I (or we) have no interest in the within certificate of stock and the within power of substitution dated ———, 19—, is hereby cancelled," and acknowledge the same before a notary.

The party who signed the power must write on the back of the certificate, "Above power of attorney cancelled by me (or us) and new detached power issued in lieu of it." and acknowledge this before a notary.

[Acknowledgment for an individual.]

STATE OF ———.
County of ———. *ss.*

On this ——— day of ———, 19—, before me, a notary public for the county of ———, personally came ———, to me known to be the individual described in and who executed the above instrument, and acknowledged to me that he executed the same.

[SEAL] ——— ———.

If used for a power of substitution insert the words "power of substitution dated ———, 19," in lieu of the word "instrument" in fifth line.

[Acknowledgment for a firm.]

STATE OF ———.
County of ———. *ss.*

On this ——— day of ———, 19—, before me, a notary public for the county of ———, personally came ———, to me known, and known to me to be a member of the firm of ———, described in and who executed the above instrument, and acknowledged to me that he executed the same.

[SEAL] ——— ———.

If used for a power of substitution insert the words "power of substitution dated ———, 19—," in lieu of the word "instrument" in fifth line.

[Acknowledgment for a firm that has been dissolved.]

STATE OF ———.
County of ———. *ss.*

On this ——— day of ———, 19—, before me, a notary public for the county of ———, personally came ———, to me known, and known to me to have been on, ———, 19—, a member of the firm of ———, described in and who executed the above instrument, and acknowledged to me that he executed the same."

[SEAL] ——— ———.

If used for a power of substitution insert the words "power of substitution dated ———, 19—." in lieu of the word "instrument" in sixth line.

The person or firm in whose name the stock stands must then execute a separate assignment describing the certificate of stock by name of company, number, and amount, the latter written in words and numerals, and acknowledge the same before a notary public.

38. *Reguarantee, etc.*—In case a firm has ceased to exist, a reguarantee is required if the transfer books are closed. If transfer books are open, a new certificate can be demanded in the name of an existing firm or individual.

39. *Closing contracts in default.*—Securities can be bought in or sold out after due notice of demand or tender has been made, on curb forms to be used in such cases, which are furnished free on application to the secretary.

40. *Regulations regarding give-ups.*—Give-ups, if made at the time of sale and accepted, immediately release the buyer or seller. If given up on comparison, the give-up is accepted only for the account of person making the transaction, whose liability, however, shall cease by any delay in delivery of the contract after the same is due. The original party in the contract, however, must be notified before 3 p. m., on the day delivery was due, to be held for any alleged claim of default.

41. *Fail notices.*—Fail notices must be sent in every case where contracts are not delivered within the specified time and duly signed by contracting parties.

42. *Comparisons.*—All transactions must be compared in writing by the buyer and seller. The signature may be by name, initial, or stamp of the contracting parties or their representatives. It shall be the duty of the buyer and seller to compare or endeavor to compare each transaction within one hour after the closing of the market. In any attempt to compare, should the matter of dispute arise necessitating a new purchase or sale, such purchase or sale should be made promptly to establish loss.

It shall be the duty of the buyer or seller to investigate before 10 a. m. on the day following the contract any transaction that has not been compared for protection against misunderstanding or loss.

COMPARISON FORMS.

[Original.]

Comparison.

Make no changes or give-ups hereon without our acceptance and confirmation.

(Name of individual or firm.)
New York, ———, *191—*

Have this day bought of (or sold to) account of ———.
Deliver to (or receive of) ———.

[Duplicate.]

Comparison.

Make no changes or give-ups hereon without our acceptance and confirmation.

(Name of individual or firm.)
New York, ———, *191—*

Have this day bought of (or sold to) account of ———.
Deliver to (or receive of) ———.

43. *Payments.*—Payments for securities can only be made on banking institutions within the Wall Street district. Checks on extreme uptown or out-of-town banks are only accepted by courtesy and may be declined. Certified checks may be demanded in all cases.

44. *Change in address, etc.*—The secretary must be notified of all dissolutions, removals, changes in firms' trading employees, addresses, or telephone numbers.

45. *Transfer offices and registrar.*—Record of transfer offices and registrars of securities quoted on the New York Curb Market lists are filed with the secretary.

46. *Transfers.*—Transfers of stock should be executed by the stockholder in person, giving address in full.

The full legal name and full address of transferee, number of shares transferred, and date should be written in spaces provided on the back of certificate, but space for name of attorney should be left blank. Full first name is always desired. "Mrs." and "Miss" may be used when necessary. Abbreviations, prefixes, and suffixes, such as "Rev.," "Lieut.," "M. D.," etc., should not be used.

The signature must correspond with the name as written on the face of the certificate in every particular, without alteration or enlargement, and should be witnessed. Signatures unknown to the transfer agent should be properly guaranteed. Usually (1) the guarantee of an officer of a banking institution, or (2) the guarantee of a broker, or (3) an acknowledgment before a notary public is sufficient.

In transfer to a married woman use her own Christian name, not that of her husband, with Mrs. prefixed. In case new certificate is desired by reason of change of name by marriage, old certificate should be signed as follows: "Mrs. Mary B. Smith, formerly Mary B. Jones." Transfer completed to Mrs. Mary B. Smith, as noted in suggestion No. 2, signature acknowledged before a notary public, and certificate surrendered to transfer agent for exchange. Transfers should be made directly from husband to wife, or from wife to husband.

Transfers to a minor should also give guardian's name as follows: "John Smith (minor), under guardianship of William Jones." Transfers from a minor can be made only by a guardian appointed by the court, who must exhibit a properly certified copy of his appointment.

Administrators, agents, attorneys, executors, guardians, or trustees should not transfer directly to themselves individually.

In transfers to trustees, the trust must be fully described by a reference to the will or indenture under which trust is created and the name of beneficiary given if possible. In transfers from trustees, all must sign, and transfer must be accompanied by a copy of instrument, properly certified, showing authority of trustees to sell or transfer. Trustees appointed by the court must exhibit both certified copy of instrument and certified copy of court appointment.

In transfers executed by an attorney, the original power of attorney (or notarial copy of the same) must be left on file. Authority to transfer stock must appear in the instrument, and evidence is required that signature is genuine and power of attorney is in force.

Transfers by administrators must be accompanied by copy of appointment certified by probate court.

Transfers by executors or administrators with the will annexed must be accompanied by copy of will and copy of court appointment, both certified by probate court.

47. *Assignments by corporations, etc.*—Assignments by associations, societies, or corporations must be executed by duly authorized officers only, under seal and accompanied by properly certified copy of vote or copy of by-laws authorizing transfer.

48. *Lost or stolen securities.*—Lost, stolen, or securities on which transfer has been stopped for any cause, the secretary must be notified at once of the

numbers of such securities, to be posted on the public blackboard as a safeguard in deliveries.

49. *Stock pooled by special contract, loan, or otherwise.*—In all cases where stock is pooled under special contract, loan, or otherwise, the certificates thereof used under such agreements, as above stated, shall be issued in the name of a trustee or trustees only. The trust to specify the particular purpose for which said stock was issued. Under no circumstances can this stock be utilized for delivery, and must in every case be issued in the name of a trustee or trustees.

Certificates other than the above shall be considered a delivery unless lost or actually stolen, in which case the numbers and denominations of same shall be furnished to the secretary at once for the protection of all.

50. *Regulation regarding employers' representatives on the curb.*—Employers must notify the secretary at once names of employees leaving or discharged, thereby preventing transactions being construed for old employers. Names of new ones must be submitted.

51. *Incorporated firms.*—No applications will be received from corporations doing business under firm names on the New York Curb Market, but only from individuals and firms, who are personally liable for their transactions.

52. *Mining companies—Listing requirements.*—Absolute requirements in all cases to be furnished the New York Curb Market Association, which must accompany all the applications of companies requesting quotation on the New York Curb Market lists.

Statements of assets and liabilities, earnings and expenses, signed by an officer of the company, with seal attached, and sworn to before a proper court officer or notary public.

Engineer's report or a certified copy.

Certified copy of the charter.

Map of the property.

A copy of annual report or prospectus duly authenticated.

A list of the officers and directors, with their addresses, and an individual reference for each.

Transfer office and registrar at New York.

Certified copy of any leases.

Confirmation of the titles, etc., certified.

The following resolutions were adopted by the listing committee on November 16, 1911, and approved by the board of representatives November 16, 1911:

Resolved, That mining or oil companies applying for listing be required to state whether they are prospects or developed properties, and if accepted the listing committee may classify as "A prospect" or "A developed property."

Resolved, That where a corporation is a going concern and has caused to be published one or more annual reports, including the current yearly report, containing the statements of the assets, liabilities, earnings, and expenses of the company, and other information relating to its property which in the opinion of the listing committee is sufficient to inform its shareholders and properly protect the investing public, then and in such case the listing committee of this association is empowered to pass upon such application without taking into consideration such listing requirements as are demanded in the case of prospects.

Resolved, That the New York Curb Market Association hereby reserves the right at all times to remove any listed stock from trading and from quotation upon the official lists when, in the opinion of the listing committee, the proper protection of the public requires it; and be it further

Resolved, That this be plainly printed upon all application blanks.

The following resolution was adopted by the listing committee on November 29, 1911, and approved by the board of representatives December 13, 1911:

The listing fee is $100.

53. *Industrial companies—Listing requirements.*—Application to the New York Curb Market Association to list securities must be accompanied by the following requirements:

1. The company's last statement of assets and liabilities.
2. A statement of income and expenditure for the last fiscal year.
3. A copy of the last annual report.
4. A certified copy of the certificate of incorporation made by an officer of the company or by its attorney or accountant, and a copy of the by-laws.
5. If a holding company or consolidation give names and location of subsidiary companies.
6. Transfer office and registrar at New York.

7. The names of all the officers and directors, with their addresses, and an individual reference for each, if required by the listing committee.

The following resolution was adopted by the listing committee on November 16, 1911, and approved by the board of representatives November 16, 1911:

Resolved, That the New York Curb Market Association hereby reserves the right at all times to remove any listed stock from trading and from quotation upon the official lists when, in the opinion of the listing committee, the proper protection of the public requires it; and be it further

Resolved, That this be plainly printed upon all application blanks.

The following resolution was adopted by the listing committee on November 29, 1911, and approved by the board of representatives December 13, 1911:

Resolved, That the listing committee may place upon the list for temporary quotations and trading the securities of a company that gives sufficient preliminary information and engages itself to have its securities formally listed within a reasonable time.

Securities listed on this basis are to be traded in "When, as, and if issued."

The listing fee is $100.

54. *Notice to sell out.*—

NEW YORK, ———, *19*—.

——— ———.

DEAR SIR: Having made a tender to you this day before 2.15 p. m. of ——— sold to you on the New York Curb Market ———, 19—, at ——— and compared by you with ———.

The signature on said certificate ——— having been guaranteed by ——— and payment on same having been refused by you, ——— beg to notify you that ——— will hold the stock at this office until 2.15 p. m. to-day, and if payment is not paid by you at that hour, ——— will cause the above stock to be sold at 2.30 p. m. to-day, cash or regular, for your account and risk, at the New York Curb Market and charge or credit you with any differences.

55. *Notice to buy in.*—

[THIS NOTICE MUST BE SERVED AT OR BEFORE 1 O'CLOCK ON THE DAY OF DEMAND.]

NEW YORK, ———, *19*—.

——— ———.

DEAR SIR: ——— hereby demand the delivery of you this day before 2.15 p. m. ———, bought of you on the New York Curb Market ———, 19—, at ——— and compared by you with ———, ——— beg to notify you that if said stock is not delivered by you at that hour ——— will cause the above stock to be bought in at 2.30 p. m. to-day, cash or regular, for your account and risk, at the New York Curb Market, and charge or credit you with any differences.

Yours, truly,

——— ———,

———, 19—.

56. *Notification.*—

M——— ———.

DEAR SIR: ——— have this day ——— for your account at the New York Curb Market —— shares of the ——— at ——— cash ———.

The same having been ——— you and compared by ——— 19— and you having been duly notified.

Statement herewith.

Yours, truly, ——— ———.

This account to be settled on next business day; and if not, posting on blackboard agreed to.

57. *Public notice of failure of contract.*—

[Agreed to by all members to New York Curb Market.]

——— hereby notify the New York Curb Market that (name) ———, (address) ———, failed to comply with contract.

Signed ——— ———,

Date ——— ———, 19—.

58. *Special resolutions adopted by the board of representatives.*—Resolved that the advertising or furnishing of quotations to the newspapers by members of this association of any securities not listed on the New York Curb Market

without stating in such advertisement or quotation lists that they are not listed securities is detrimental to the best interests of the association and is prohibited, and that members who, after having been duly warned, so continue to advertise are subject to such penalties as the board of representatives may inflict.

Resolved that stocks be divided into two classes, and that the units of trading for members of the association be as follows:

Class "A" stocks of a par value less than $5.

Class "B" stocks of a par value of $5 or over.

	Selling under $1 per share.	Selling from $1 to $5 per share.	Selling at $5 or over per share.
Class "A"	Cents.	☆	☆
Class "B"	☆	☆	☆

Resolved that on holidays of the New York Stock Exchange the same shall also apply to the New York Curb Market.

Resolved that any member trading in or making quotations in unauthorized issues of Government, State, county, and municipal bonds shall be charged with action detrimental to the best interests of the association.

Resolved that all Government, State, county, and municipal bonds which have been duly authorized and which are not regularly listed upon the New York Stock Exchange be admitted to trading and quotation upon the official lists of the New York Curb Market.

59. *Removal of stocks from trading.*—Resolved that the New York Curb Market Association hereby reserves the right at all times to remove any listed stock from trading and from quotation upon the official lists when in the opinion of the listing committee the proper protection of the public requires it, and that the foregoing be plainly printed upon all application blanks.

Amendment of listing requirements.—Resolved that where a corporation is a going concern and has caused to be published one or more annual reports, including the current yearly report, containing statements of the assets, liabilities, earnings, and expenses of the company and other information relating to its property, which in the opinion of the listing committee is sufficient to inform its shareholders and properly protect the investing public, then and in such case the listing committee of this association is authorized to pass upon such application without taking into consideration such listing requirements as are demanded in the case of prospects.

Addition to rule 26.—Resolved that in case either party shall fail to comply with a demand for a deposit, in accordance with the provisions of this article, the party calling, after having given due notice, may report the default to the secretary or an officer of the association, who shall repurchase or resell the security forthwith, and any difference that may accrue shall be paid over to the party entitled thereto.

Mining and oil companies applying for listing.—Resolved that mining or oil companies applying for listing shall be required to state whether they are prospects or developed properties, and if accepted the listing committee may classify as "A prospect" or "A developed property."

Temporary quotations and trading.—Resolved that the listing committee may place upon the lists for temporary quotations and trading the securities of a company that gives sufficient preliminary information and engages itself to have its securities formally listed within a reasonable time. Securities listed on this basis are to be traded in when, as, and if issued.

Members' orders. Resolved that on and after January 2, 1912, all members who give orders to nonmembers in stocks traded in upon the New York Curb be summoned before the complaint committee, and on the first offense cautioned, the second offense fined $25, and the third offense suspended from the privileges of the New York Curb Market Association.

Resolved that salaried representatives of brokerage houses or anyone whose dealings in any way conflict with the commission rates shall not be eligible for membership.

Curb employees. Resolved that the term "Curb representatives" be discontinued and that representatives of firms be hereafter designated as "Authorized salaried market employees of curb members."

Appeals.—Resolved that when any appeal from a unanimous decision of the arbitration committee is taken, the appellant shall deposit with the secretary the sum of $25, which sum shall be forfeited to the association in case the appeal is dismissed.

Employees.—Resolved that authorized salaried market employees shall not be in the employ of more than one firm or individual.

Initiation fee.—Resolved that on and after July 1, 1912, the initiation fee shall be $250 until further order of the board.

Changes in manual.—These rules, regulations, and penalties may be changed by board of representatives as circumstances require from time to time, and such changes will then constitute part of the manual.

EXHIBIT No. 164, JANUARY 7, 1913.

NOVEMBER 26, 1909.

F. K. STURGIS, Esq.,
Chairman New York Stock Exchange.

DEAR SIR: After carefully thinking over the subject that was brought to my notice, and in view of the requests for suggestions, I beg leave, with your permission, to offer the following:

That the New York Curb Market agent furnish a proper shelter for subscribers to the New York Curb Market agency.

That all the rules and regulations which now exist by common consent be the government thereof, amended and corrected to cover the place of abode chosen, and a contract made by the agent with each subscriber individually to conform with the same.

In view of the above offer I beg to state that the power of enforcing penalties, the supervisions of installing of telephones, telegraph, or other electrical devices shall come under the agent's control and shall be in conformity with the regulations and caution that are now in vogue. I also beg to state that the title, New York Curb Market, has been so secured as to prevent the use of that particular name by unscrupulous persons or others.

May I ask, if you please, that this subject receive your prompt attention, as the fiscal year of the agency ends on December 31, 1909, and during the month of December the agency arranged for the funds and subscriptions for the coming year to meet its expenses and fixes the amount thereof.

In event of the above proposition being received favorably (unofficially, of course), a much greater expense would be incurred for rental and the proper services to conduct this proposition, and the funds would have to be arranged for accordingly.

I inclose herewith the proof sheets of the amended and corrected manual, adopted by common consent, which would have been issued on the 1st of January next and which are submitted for inspection and correction by your honorable committee should they deem fit. Kindly return these with your reply.

Thanking you in advance for your attention and consideration, I beg to remain.

Yours, truly,

E. S. MENDELS, *Agent.*

P. S.—I inclose herewith the proof sheets of the amended and corrected manual, adopted by common consent, which would have been issued on the 1st of January next, which is submitted for the inspection or correction by your honorable committee should they so seem fit. Kindly return this with your reply.

EXHIBIT No. 165, JANUARY 7, 1913.

NEW YORK STOCK EXCHANGE,
SECRETARY'S OFFICE,
New York, January 6, 1911.

E. S. MENDELS, Esq.,
Agent.

DEAR SIR: I beg to state that while the law committee of the stock exchange assume no authority or supervision over the members of the curb market or their transactions, they are of the opinion that so long as no dealings are had in securities listed at the stock exchange, the curb is justified in making all necessary rulings and laws for their protection.

Yours, truly,

F. K. STURGIS, *Chairman.*

EXHIBIT No. 166, JANUARY 7, 1913.

STATE OF NEW YORK,
City and County of New York:

Samuel W. Lambert, being duly sworn, deposes and says:

I am a physician in general practice in the city of New York, having my office at No. 130 East Thirty-fifth Street. I have been continuously in active practice for nearly a quarter of a century. I am now, and since 1904 have been, dean of the College of Physicians and Surgeons, medical department of Columbia University, and I have been professor of therapeutics in the said college since 1903. I have been an attending and consulting physician at the New York Hospital since 1896, and I have been attending physician at St. Luke's Hospital since about 1906.

I have acted as general physician for Mr. William Rockefeller, of No. 689 Fifth Avenue, New York, for about two years last past, having first attended him during an attack of pneumonia.

I have read the affidavit of Dr. Walter F. Chappell, verified on January 6, 1913, and I am familiar with the conditions of Mr. Rockefeller's throat, referred to in the said affidavit, and know that they are therein correctly described.

Mr. Rockefeller has a distinctly pronounced gouty tendency; and a further condition, to which Dr. Chappell does not refer in his affidavit, is the tremor habit or shaking of the head and hands, which has existed ever since I have attended upon Mr. Rockefeller, and is the result of his advanced years and general condition. This shaking of the hand makes it very difficult for him even to sign his name, and impossible for him to write continuously without great effort for more than a few minutes. In the present highly sensitive and critical condition of his throat any effort or strain or excitement might produce a condition that would not only imperil Mr. Rockefeller's life but might very reasonably be expected to cause his sudden death.

SAML. W. LAMBERT, M. D.

Subscribed and sworn to before me this 6th day of January, 1913.

[SEAL.] FREDERIC N. GILBERT,
Notary Public, New York County.

STATE OF NEW YORK,
City and County of New York:

Walter F. Chappell, being duly sworn, deposes and says:

I am a physician, having my office in the city of New York, at No. 7 East Fifty-fifth Street. I have been in active practice for more than 30 years.

I make a specialty of diseases of the ear and throat. I am professor of clinical laryngology, in the College of Physicians and Surgeons, medical department of Columbia University, and am surgeon of the Manhattan Eye, Ear, and Throat Hospital of New York.

During the past 11 years I have been in almost constant attendance upon Mr. William Rockefeller, whose city address is at No. 689 Fifth Avenue, New York.

Mr. Rockefeller has been suffering from a gouty inflammation of the larynx and windpipe, accompanied by swellings on the vocal cords. This has necessitated, at various times, six operations, the last one being of a more serious character. Since this operation Mr. Rockefeller has had intermittent attacks of edema of the larynx, accompanied by some stenosis and spasms. This condition is brought on by talking, excitement or disturbance of the stomach, and a severe attack would terminate fatally.

Since the last operation Mr. Rockefeller has also been unable to speak above a whisper, and can not express himself in that way for more than a few moments with safe'y. I have advised complete rest of the larynx, or, in other words, "the silent treatment."

Mr. Rockefeller is in his seventy-second year; and, under my advice, he has carefully avoided all excitement or strain since the last operation. It would not only be an act of inhumanity to subject him to the excitement incident to his examination as a witness at this time, but, in my judgment, it would actually endanger his life.

WALTER F. CHAPPELL, M. D.

Subscribed and sworn to before me, this 6th day of January, 1913.

[SEAL.] FREDERIC N. GILBERT,
Notary Public, New York County.

EXHIBIT No. 167, JANUARY 7, 1913.

New York Life Insurance Co.

Name of bank and year.	Published average.	Actual average.
Citizens Central National Bank:		
1909	$3,595,717	$2,665,400
1910	2,980,523	1,964,662
1911	2,386,388	1,677,159
Chase National Bank:		
1909	1,881,120	1,806,507
1910	768,720	1,265,878
1911	1,557,585	1,296,543
Mechanics & Metals National Bank:		
1909	976,237	893,043
1910	1,010,390	840,313
1911	1,527,225	1,298,535
New York Trust Co.:		
1909	617,973	624,680
1910	727,657	519,101
1911	1,502,644	1,279,977

Mutual Life Insurance Co.

National Bank of Commerce:		
1909	$1,884,395	$722,531
1910	1,044,601	513,574
1911	1,424,152	538,590
First National Bank:		
1909	736,706	429,549
1910	.....	315,432
1911	558,214	359,656
American Exchange National Bank:		
1909	.....	127,480
1910	638,352	108,807
1911	655,213	116,802
Farmers Loan & Trust Co:		
1910	1,471,700	1,301,864
1911	2,872,986	2,460,214
United States Mortgage & Trust Co.:		
1909	1,253,583	870,547
1910	.....	489,041
1911	.....	215,068
Guaranty Trust Co.:		
1909	3,137,500	2,238,219
1910	954,166	581,232
1911	.....	335,205

Equitable Life Assurance Society.

National Bank of Commerce:		
1909	$2,675,297	$2,036,802
1910	2,082,972	1,636,196
1911	2,130,162	1,496,243
Bankers Trust Co., 1911	6,290,459	5,380,117
Equitable Trust Co.:		
1909	2,611,424	2,321,735
1910	1,872,809	1,619,460
1911	3,069,907	2,404,265
Mercantile Trust Co.:		
1909	4,448,741	3,881,967
1910	2,523,849	2,188,067
Guaranty Trust Co., 1911	524,470	405,764
Commercial Trust Co., Philadelphia:		
1909	507,349	476,861
1910	207,433	181,483
1911	.....	402,546

Metropolitan Life Insurance Co.

Name of bank and year.	Published average.	Actual average.
Metropolitan Bank:		
1909	$2,710,941	$1,746,786
1910	2,958,583	2,088,447
1911	2,790,410	1,857,638
Central Trust Co.:		
1909		512,775
1910		272,639
1911	202,151	210,894
Federal Trust Co.:		
1909	189,788	189,559
1910	195,832	195,465
1911		175,053
Hamilton Trust Co.:		
1909	435,559	414,641
1910	567,652	506,992
1911	530,604	480,262
Metropolitan Trust Co.:		
1909	604,917	534,444
1910	515,904	490,007
1911	404,864	370,694

EXHIBIT No. 168, JANUARY 7, 1913.

[Metropolitan Life Insurance Co. (Incorporated by the State of New York. Stock company.) Industrial department.]

NEW YORK, *January 22, 1912.*

Superintendents and Detached Assistant Superintendents:

GENTLEMEN: The annual meeting of the company for the election of directors will be held at the home office, in New York, on April 9 next. The polls will be open from 10 o'clock in the morning until 2 in the afternoon.

Under the provisions of the insurance law of New York, every policy holder in this company whose policy has been in force for the full term of one year before, and shall be in force at the time of, the annual meeting for the election of directors, shall have the right of voting for members of the board of directors.

Many thousands of policy holders voted at the annual meetings since 1904, and it is the desire of the executive that the privilege of voting at future annual meetings be extended to every policy holder eligible to vote in consequence of his policy having been in force over one year.

In the issue of The Metropolitan which is now on the press, there will appear a notice advising policy holders of the meeting and of the desire of the officers that they should vote. They are instructed to apply to any agent of the company for particulars, and that the agent will furnish them with either a ballot or a proxy.

There will be shipped to you in the near future a limited supply of both proxies and ballots; full instructions as to how to use the same are printed on the documents. If the supply which we forward is running low at any time before the election, please make prompt requisition on the home office for an additional supply in order that there may be no opportunity for any policy holder to claim that he was unable to vote.

Those entitled to vote are persons of both sexes, 21 years of age or older, whose lives are insured or who are beneficiaries under policies which have been in force for the full term of one year.

Yours, truly,

JNO. R. HEGEMAN,
President.

×

MONEY TRUST INVESTIGATION

INVESTIGATION

OF

FINANCIAL AND MONETARY CONDITIONS IN THE UNITED STATES

UNDER

HOUSE RESOLUTIONS NOS. 429 AND 504

BEFORE A

HOUSE

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY

PART 19

WASHINGTON
GOVERNMENT PRINTING OFFICE
1913

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY.

HOUSE OF REPRESENTATIVES.

ARSÈNE P. PUJO, Louisiana, *Chairman.*

WILLIAM G. BROWN, West Virginia.	GEORGE A. NEELEY, Kansas.
ROBERT L. DOUGHTON, North Carolina.	HENRY McMORRAN, Michigan.
HUBERT D. STEPHENS, Mississippi.	EVERIS A. HAYES, California.
JAMES A. DAUGHERTY, Missouri.	FRANK E. GUERNSEY, Maine.
JAMES F. BYRNES, South Carolina.	WILLIAM H. HEALD, Delaware.

R. W. FONTENOT, *Clerk.*
A. M. MCDERMOTT, *Assistant Clerk.*

MONEY TRUST INVESTIGATION.

SUBCOMMITTEE OF THE
COMMITTEE ON BANKING AND CURRENCY,
HOUSE OF REPRESENTATIVES,
Washington, D. C., Wednesday, January 8, 1913.

The subcommittee met at 11 o'clock a. m.

Present: Messrs. Pujo (chairman), Stephens, Daugherty, Neeley, Hayes, and Heald.

Present also: Samuel Untermyer, Esq., of New York City, counsel for the committee, and G. Carroll Todd, Esq., assistant counsel for the committee.

The CHAIRMAN. The committee will come to order, and we will resume the taking of testimony.

Mr. UNTERMYER. Before calling the next witness, Mr. Chairman, I want to read into the record certain correspondence between counsel for the committee, the Comptroller of the Currency, the Attorney General, and the President, bearing upon certain data which the committee required for the purposes of this inquiry.

The first letter to which I desire to call the attention of the committee is as follows:

EXHIBIT NO. 169, JANUARY 8, 1913.

SEPTEMBER 6, 1912.

Hon. LAWRENCE O. MURRAY,
Comptroller of the Currency, Washington, D. C.

DEAR SIR: Mr. Edgar H. Farrar, of New Orleans, and myself are, as you know, acting as counsel for the Committee on Banking and Currency of the House of Representatives in the so-called pending "Money Trust" investigation under House resolution No. 504, with which you are doubtless familiar. In this connection, I beg to call your attention to the following, from paragraph fifth of that resolution:

"The Comptroller of the Corrency, the Secretary of the Treasury, and the Commissioner of the Bureau of Corporations, and their respective assistants and subordinates, are hereby respectively directed to comply with all directions of the committee for assistance in its labors, to place at the service of the committee all the data and records of their respective departments, to procure for the committee from time to time such information as is subject to their control or inspection, and to allow the use of their assistants for the making of such investigations with respect to corporations under their respective jurisdictions as the committee or any subcommittee may from time to time request."

We are now preparing to resume the taking of testimony, and in that connection the committee will require a vast amount of confidential data from the books of certain of the national banks which we are hoping to have you assist us in securing. Are you likely to be in New York any day during the early part of next week, and if so, can Mr. Farrar and I make an engagement for you to meet us here for the discussion of this subject?

Kindly advise me as soon as possible.

Very truly, yours,

SAML. UNTERMYER.

On the 11th of September I had a letter addressed to myself, reading as follows:

EXHIBIT No. 170, JANUARY 8, 1913.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, September 11, 1912.

SAML. UNTERMYER, Esq.,
37 Wall Street, New York City, N. Y.

MY DEAR SIR: Receipt is acknowledged of your letter of September 6.

Mr. Murray is out of the city, but advises me that he expects to be in New York during the week of September 19.

Yours, very truly,

O. A. CARLSON,
Secretary to the Comptroller.

EXHIBIT No. 171, JANUARY 8, 1913.

SEPTEMBER 13, 1912.

O. A. CARLSON, Esq.,
Secretary to the Comptroller, Treasury Department, Washington, D. C.

DEAR SIR: Referring to your yesterday's letter perhaps you will be good enough to again communicate with Mr. Murray and ask him to fix an appointment to meet me in New York during his visit next week. I am very anxious to see him in connection with the affairs of the Pujo committee.

Very truly, yours,

SAML. UNTERMYER.

Not having received any reply, on the 17th of September the following night letter was sent by counsel for the committee to Mr. Murray:

EXHIBIT No. 172, JANUARY 8, 1913.

SEPTEMBER 17, 1912.

Hon. LAWRENCE O. MURRAY,
Comptroller of the Currency, Washington, D. C.:

Am still awaiting definite advices from you as to what day this week you can see Mr. Farrar and myself here respecting money-trust inquiry. Kindly wire.

SAMUEL UNTERMYER.

On September 24 a letter from the counsel for the committee was addressed to the President, as follows:

EXHIBIT No. 173, JANUARY 8, 1913.

SEPTEMBER 24, 1912.

His Excellency Hon. WILLIAM H. TAFT,
President of the United States, Beverly, Mass.

DEAR SIR: Referring to the interview you were good enough to accord Mr. Farrar and myself yesterday at Washington, and in compliance with your direction that I submit to you in writing the request made of you yesterday and the reasons therefor, I beg to state as follows:

Mr. Farrar and I are acting as counsel for the Committee on Banking and Currency of the House of Representatives under House resolution 504, of which I take the liberty of herewith inclosing a copy and of calling your attention to the following provisions on pages 9 and 10:

"The Comptroller of the Currency, the Secretary of the Treasury, and the Commissioner of the Bureau of Corporations, and their respective assistants and subordinates, are hereby respectively directed to comply with all directions of the committee for assistance in its labors, to place at the service of the committee all the data and records of their respective departments, to procure for the committee from time to time such information as is subject to their control or inspection, and to allow the use of their assistants for the making of such investigations with respect to corporations

under their respective jurisdictions as the committee or any subcommittee may from time to time request."

Under the terms of this resolution we have asked the comptroller to secure certain data for us without which it would be impossible to properly conduct the inquiry or to acquaint the House with the data that it will need as a basis for legislation. In response to this request the comptroller very properly calls our attention to the instructions issued by your predecessor—confirmed by you—to the effect that none of the heads of department shall furnish information to congressional committees or otherwise, except by Executive order. The comptroller accordingly suggests that notwithstanding the peremptory form of the resolution, he is unable to comply with our request without direction from you.

When this investigation was begun the national banks took the position, which they have since maintained, (1) that all visitorial powers over national banks are vested in the Comptroller of the Currency; (2) that although the banks are the creatures of Congress and the comptroller is its nominee, who reports directly to it and who is responsible to it, neither House of Congress has, nor have both Houses combined, the right to exercise visitorial powers over the banks for the legitimate purpose of framing legislation, as it is claimed that the information obtained by the comptroller must be treated as confidential as against one or both Houses of Congress or any committee thereof.

The section of the banking law referred to reads as follows:

"SEC. 5241. (Limit of visitorial powers.) No association shall be subject to any visitorial powers other than such as are authorized by this title or are vested in the courts of justice. (R. S.)"

It is our contention, (1) that the powers now being exercised by the committee are inquisitorial and not visitorial; (2) if the power be visitorial it was not intended by the section in question to deprive Congress or either House of this fundamental power to examine into the affairs of its own creatures in order to determine the necessity for and character of remedial legislation.

The committee introduced a bill at the last session to remove all doubt on this question, which was passed almost unanimously by the House, but is still pending in the Senate. The Senate committee reported the bill adversely by a vote of 7 to 6. It is now upon the calendar awaiting action, but in view of the vast amount of data necessary to be gathered and the preliminary work that is required before further examining witnesses in the inquiry and the early expiration of the present Congress it will be impossible to await action on the pending bill, nor do we believe that to be necessary.

If the banks are right in their contention the Comptroller of the Currency is the only officer of the Government who is immune and whose acts can not be inquired into by the power that created him and the bank. Under that interpretation his office could not be investigated to ascertain whether he had done his duty in the exercise of the visitorial powers vested in him.

In response to Your Excellency's further suggestion that I outline briefly the need of the information sought to be obtained through the comptroller I beg to state as follows:

The committee desires to secure data showing (1) the character of the transactions in which certain of the leading national banks of the country have been engaging, such as the promotion and underwriting of securities on behalf of syndicates; (2) instances in which they have acted as what are known as "issuing houses" for the sale of securities to the public; (3) transactions by the banks, made directly or indirectly with their officers and with corporations, in which such officers and directors were largely interested; (4) purchases and sales of bonds and shares of stock by the banks, and speculations conducted by them or by corporations that are owned by them.

These are, in a general way, the heads of the topics with respect to which we are seeking data as a basis for the oral examination of witnesses. Our general purpose is to acquaint Congress with the character of the business in which the larger banks are engaging; to point out the public dangers, if any, accompanying the broad powers now possessed by the banks in the use of their funds; and to expose whatever abuses may be found to exist in the present system, with a view of constructive and corrective legislation. The committee purposes, further, to show the inadequacy of the present currency laws, the danger of panics to which they give rise, and the legislation required to correct this situation.

It will be manifestly impossible to improve the present system or to correct defects or abuses without an intimate knowledge of existing practices. The comptroller, in his annual report of December, 1911, to Congress, uses the following language with respect to one of such abuses:

"Dishonest practices by officers of national banks of receiving personal compensation for loans made by the bank is a growing evil and has already reached such proportions as to call for criminal legislation on the subject. In this manner either the bank is defrauded of lawful interest which it would otherwise receive or usurious interest is exacted of a borrower by the corrupt officer. A secret reward to the officers is sometimes a deliberate bribe for obtaining a loan on insufficient security."

The data upon which this statement is founded is part of the information required by the committee to enable it to determine whether and to what extent the recommendation of the comptroller shall be adopted in the form of proposed legislation.

In view of the urgency of the situation may I be pardoned for reminding Your Excellency that at our interview you very kindly promised to secure for the committee immediate action upon this request?

Very respectfully, yours, SAML. UNTERMYER.

P. S.—Inclosed please find also a separate memorandum on the legal questions involved.

S. U.

MEMORANDUM.

Briefly stated, House resolution 504, after reciting that Congress has under consideration particular bills in relation to the currency, monetary, and national-banking systems, and trade combinations, and setting forth the alleged condition of affairs in those fields, directs the Banking and Currency Committee to make inquiry therein and report the facts to the House as a basis for the consideration of the pending measures or the formulation of others.

The resolution provides:

"The Comptroller of the Currency, the Secretary of the Treasury, and the Commissioner of the Bureau of Corporations, and their respective assistants and subordinates, are hereby respectively directed to comply with all directions of the committee for assistance in its labors, to place at the service of the committee all the data and records of their respective departments, to procure for the committee from time to time such information as is subject to their control or inspection, and to allow the use of their assistants for the making of such investigations with respect to corporations under their respective jurisdictions as the committee or any subcommittee may from time to time request."

The question is whether the officials named, more particularly the Comptroller of the Currency, should furnish the committee information from their offices as directed.

Revised Statutes of the United States, section 324, enacts that "there shall be in the Department of the Treasury a bureau charged with the execution of all laws passed by Congress relating to the issue and regulation of a national currency," the chief officer of which shall be called "the Comptroller of the Currency," who "shall perform his duties under the general direction of the Secretary of the Treasury."

Revised Statutes of the United States, section 333, provides that such comptroller "shall make an annual report to Congress at the commencement of its session, * * *."

It is elementary that either House of Congress, through a committee, may make inquiry into any matter in respect of which it is authorized to legislate or otherwise take action, and in that behalf compel the production of testimony.

Revised Statutes of the United States, section 102, provides: "Every person who, having been summoned as a witness by the authority of either House of Congress to give testimony or to produce papers upon any matter under inquiry before either House, or any committee of either House of Congress, wilfully makes default, or who, having appeared, refuses to answer any question pertinent to the question under inquiry, shall be deemed guilty of a misdemeanor, * * *."

The Supreme Court has said of this provision (Re Chapman, 166 U. S., 661):

"We are of opinion that sections 102 and 104 were intended * * * 'more effectually to enforce the attendance of witnesses, on the summons of either House of Congress, and to compel them to discover testimony.'" (Page 667).

"The history of congressional investigations demonstrates the difficulties under which the two Houses have labored, respectively, in compelling unwilling witnesses to disclose facts deemed essential to taking definite action. * * * It (the statute from which Revised Statutes section 102 was taken) was an act necessary and proper for carrying into execution the powers vested in Congress and in each House thereof." (Page 671.)

It is equally clear that the currency and national banking systems and combinations amongst corporations engaged in interstate commerce are subjects within the legislative jurisdiction of the House as one branch of Congress.

It necessarily follows, therefore, that persons and corporations engaged in those fields of activity, upon demand duly made, are under a legal duty to furnish the committee any facts in their possession germane to the inquiry.

For greater reason any official of the executive branch of the Government who has such information, gained as in the case of the comptroller while executing the laws of Congress, is in duty bound, upon request, to furnish it to a committee of the House which is making inquiry into the operation of those laws as a basis for their modification.

How may Congress be accurately advised whether its laws are sufficient and have reached the end desired if either House may not require executive officers charged with the enforcement of such laws to put at its disposal all information obtained by them in the discharge of their duties? How, otherwise, may it know whether the officers themselves are efficient?

It is no answer to say that the present demand comes from only one branch of Congress. Proposed legislation must be considered and passed by both Houses, and each is entitled to be informed independently of the other.

The officers of national banks have excused their refusal to give the committee infomation requested on the ground that by so doing they would violate a duty to their stockholders, since Revised Statutes, United States, 5241 provides that—

"No association (national bank) shall be subject to any visitorial powers other than such as are authorized by this title, or are vested in the courts of justice."

This contention is obviously untenable, since it is impossible that Congress intended to exclude either House from obtaining from the primary source information necessary for the intelligent consideration of legislation affecting the financial system. However, the position has been taken and to contest it would mean a long-drawn-out litigation.

For this reason the committee seeks to obtain the desired information through the office of the Comptroller of the Currency. In no possible view can it be contended that he, too, is restricted by Revised Statutes, United States, 5241, for that would lead to the absurd result that Congress had absolutely shut off either House acting alone from the only two authoritative sources of information on which to base any new laws affecting the financial system.

Even though a subordinate officer in the executive department were under no positive legal duty to furnish either House of Congress for its use in legislation information acquired by him in the execution of the laws of Congress, it would seem that the President should direct him to do so in a spirit of comity; since, notwithstanding its separation into three departments, the Government of the United States after all is one government working to a common end.

On the 25th of September the following letter was received, addressed to counsel for the committee:

EXHIBIT No. 174, JANUARY 8, 1913.

BEVERLY, MASS., *September 25, 1912.*

MY DEAR SIR: Permit me to acknowledge the receipt of your letter of the 24th instant, with inclosures, and to say that it will be brought to the attention of the President upon his return to the city.

Sincerely, yours,

T. W. BRAHANY,
Chief Clerk.

MR. SAMUEL UNTERMYER,
37 Wall Street, New York City.

Not having any reply, on October 1 the counsel for the committee wrote the following letter to the chief clerk of the President:

EXHIBIT No. 175, JANUARY 8, 1913.

OCTOBER 1, 1912.

T. W. BRAHANY, Esq., *Chief Clerk*
(Care of Hon. William H. Taft),
Beverly, Mass.

DEAR SIR: Referring to my letter of September 24 to President Taft in compliance with his suggestion, may I inquire what if any action has been taken and how soon we may expect a definite reply?

The data required by the committee for the purpose of conducting the hearings is very considerable and will take some weeks to collect. The committee is anxious to begins its hearings next month, so that there is little time left in which to secure this data, which I trust will be accepted as an apology for my insistence.

Very truly, yours,

SAML. UNTERMYER.

Then follows another letter, undated, from the chief clerk of the President to counsel for the committee, as follows:

EXHIBIT No. 176, JANUARY 8, 1913.

BEVERLY, MASS.

MY DEAR SIR: In reply to your note of October 1, permit me to say that the President has taken up with the Attorney General the request preferred in your letter of September 24. As soon as the question is determined you will be advised promptly.

Sincerely, yours,

T. W. BRAHANY, *Chief Clerk.*

MR. SAMUEL UNTERMYER,
37 Wall Street, New York City.

Having heard nothing in the meantime, counsel for the committee on the 10th of October wrote to the Attorney General as follows:

EXHIBIT No. 177–178, JANUARY 8, 1913.

OCTOBER 10, 1912.

HON. GEORGE W. WICKERSHAM,
Attorney General of the United States,
Department of Justice, Washington, D. C.

DEAR MR. WICKERSHAM: Following my talk with you at the bar association, I received a letter from the chief clerk to President Taft, of which the accompanying is a copy, from which you will note that it is stated that the President "has taken up with the Attorney General the request preferred in your letter of September 24." I assume this was a mistake, as you told me at our interview that you had not yet been approached on the subject.

May I inquire whether you have now considered the question, and if so, how soon we may expect a determination? As explained to you at our interview, our time for preparation is very short, and we are arranging to resume the hearings on November 20. We require this information as a basis for these hearings, which I trust you will accept as my apology for urging expedition.

For your convenience I am inclosing copy of my letter of September 24 to the President, and of my letter of October 1 to his chief clerk.

Very truly, yours, SAML. UNTERMYER

On October 11 counsel for the committee had this letter from the Attorney General:

EXHIBIT No. 179, JANUARY 8, 1913.

OFFICE OF THE ATTORNEY GENERAL,
Washington, D. C., October 11, 1912.

SAMUEL UNTERMYER, Esq.,
37 Wall Street, New York City.

DEAR MR. UNTERMYER: I have yours of 10th instant. The President has referred to me your letter of September 24 with a request for an opinion upon some of the questions involved, which is now in course of preparation and as soon as completed will be sent to the President.

Very respectfully, yours, GEO. W. WICKERSHAM,
Attorney General.

Then follow two letters to the Attorney General from counsel to the committee, dated the 15th and 25th of October, respectively, as follows:

EXHIBIT No. 180, JANUARY 8, 1913.

OCTOBER 15, 1912.

HON. GEORGE W. WICKERSHAM.
Department of Justice, Washington, D. C.

DEAR MR. WICKERSHAM: I beg to acknowledge, with thanks, the receipt of your letter of the 11th instant, from which I note that an opinion is now in course of preparation which, as soon as completed, will be sent to the President relating to the subject matter of my letter to the President of September 24. The element of time is an important one to the committee just now.

Very truly, yours, SAML. UNTERMYER.

EXHIBIT No. 181, JANUARY 8, 1913.

OCTOBER 25, 1912.

HON. GEORGE W. WICKERSHAM,
Department of Justice, Washington, D. C.

DEAR MR. WICKERSHAM: Referring to your letter of October 11, advising me that you have under consideration the subject presented by Mr. Farrar and my self to the President, may I again ask whether it will not be possible to now get your conclusion at an early date? As already explained to you, the committee can make no headway without the assistance which we have requested from the Comptroller of the Currency. If it is concluded to grant the aid which it was contemplated, the committee would have under the terms of House resolution 504, you will realize that it will take the department quite a time to get the information for us.

As the life of the committee is limited to the present Congress and there is a vast amount of testimony to be taken when the information that we require is secured, it will not be necessary for me to enlarge with you on the imperative need of immediate action.

Very respectfully, yours, SAML. UNTERMYER.

There was no answer to either of those letters until the 29th of October, when the following letter was received from the Attorney General:

EXHIBIT No. 182, JANUARY 8, 1913.

DEPARTMENT OF JUSTICE,
Washington, D. C., October 29, 1912.

SAMUEL UNTERMYER, ESQ.,
No. 37 Wall Street, New York City.

DEAR SIR: Your letter of the 25th instant is received during the Attorney General's absence.

The draft of the opinion in which you are interested has not yet been completed, but it is hoped by the assistant now working on it to have it ready to submit to the Attorney General for his consideration when he returns to the city next week.

Respectfully,

JESSE C. ADKINS,
Assistant Attorney General
(For the Attorney General).

Having had no reply further from the Attorney General, counsel for the committee again wrote him on December 16, as follows:

EXHIBIT No. 183, JANUARY 8, 1913.

NEW WILLARD HOTEL,
Washington, D. C., December 16, 1912.

HON. GEORGE W. WICKERSHAM,
Department of Justice, Washington, D. C.

DEAR SIR: On September 24, 1912, following an interview which the President was good enough to accord Judge Farrar and myself as counsel for the Subcommittee of the Committee on Banking and Currency of the House of Representatives acting under resolution No. 504, I wrote the President a letter embodying the request for access to the data required by the committee in its investigation, that had been made verbally of the President at the interview.

On September 26 I had a reply from Mr. Brahany, chief clerk to the President, dated September 25, acknowledging the receipt of my letter of the 24th and stating that it would be brought to the attention of the President on his return to Washington.

Not having heard anything meantime I wrote Mr. Brahany on October 1, inquiring if any action had been taken upon the request and calling his attention to the extent of the data required, the time that would be consumed in collecting it, and the need of such data for the hearings.

On or about October 9 I received a letter from Mr. Brahany in reply to mine of the 1st advising me that the subject matter of my letter of September 24 had been taken up by the President with the Attorney General and that "as soon as the question is determined you will be advised promptly."

Meantime I had seen you at the bar association in New York and had learned from you that the President had not yet taken up the subject with you. I accordingly wrote you on October 10, on your return to Washington, asking whether you had as

yet considered the question, and if so, how soon the committee might expect a determination, and again explaining the short time intervening before the hearings and the necessity for this data.

You replied to me by letter of October 11, stating that the President had referred my letter of September 24 to you with the request for an opinion upon some of the questions involved and that the opinion *was then in course of preparation* and would be sent to the President as soon as completed.

On October 15 I wrote acknowledging your letter of the 11th and stating, "The element of time is an important one to the committee just now."

Not having heard from you, I again wrote you on October 25 to ask whether it would not be possible to get your conclusion at an early date, and again explaining that the life of the committee is limited to the present Congress, that a vast amount of data would have to be gathered if the request was granted, which would take considerable time, and that the situation was urgent.

Your assistant, Mr. Adkins, replied to this last letter by letter dated October 29, 1912, as follows:

"The draft of the opinion in which you are interested has not yet been completed, but it is hoped by the assistant now working on it to have it ready to submit to the Attorney General for his consideration when he returns to the city next week."

Inasmuch as about seven weeks have elapsed since this last letter, may I inquire whether, and if so, how soon, the committee may expect a definite reply to the request contained in my letter to the President of September 24?

Very respectfully, yours,

SAML. UNTERMYER,
Counsel for the Subcommittee.

On December 17 a letter from President Taft:

EXHIBIT No. 184, JANUARY 8, 1913.

THE WHITE HOUSE,
Washington, December 17, 1912.

MY DEAR MR. UNTERMYER: The Attorney General has rendered an opinion to me, a copy of which he tells me he is sending to you, in which he advises me that it is within my discretion, through the Secretary of the Treasury, to ask the Comptroller of the Currency to make the investigation which it will be necessary for the comptroller to conduct in order to reach the information which you seek in respect of particular banks and particular transactions. I am informed that much of this material is not on file in the comptroller's office.

I have no objection, through the Secretary of the Treasury, to directing the Comptroller of the Currency to furnish you as much of the material which you ask as he has on file in his office. Indeed, I have already directed the Secretary of the Treasury, in compliance with your request, to furnish a certain amount of the material which you seek from the Comptroller of the Currency, but I think it would be interfering with the duties of the comptroller and imposing too great a burden on him to make him the investigating instrument of a committee of the House which itself has ample powers for the purpose, or, if not, can obtain them from Congress.

Sincerely, yours, WM. H. TAFT.

SAMUEL UNTERMYER, Esq.,
37 Wall Street, New York City.

On the same date, a letter from the Attorney General:

EXHIBIT 184–A, JANUARY 8, 1913.

OFFICE OF THE ATTORNEY GENERAL,
Washington, D. C., December 17, 1912.

SAMUEL UNTERMYER, Esq.,
New Willard Hotel, Washington, D. C.

SIR: I have your favor of the 16th instant. I rendered, some little time ago, my opinion to the President on the question submitted to me, bearing upon your request to him that the Comptroller of the Currency should procure certain information for the subcommittee of the Committee on Banking and Currency of the House of Representatives, acting under resolution No. 504, and I had supposed that a copy of it had been sent to you. However, I am transmitting a copy to you herewith.

Respectfully,

GEO. W. WICKERSHAM,
Attorney General.

The copy is here, but it is a long document.
The CHAIRMAN. It can be filed with the correspondence.

[Data relating to national banks for the use of Congress.]

DEPARTMENT OF JUSTICE, *November 9, 1912.*

SIR: By letter of September 24, Mr. Samuel Untermyer, one of the counsel for the Committee on Banking and Currency of the House of Representatives, which is now inquiring into the so-called Money Trust, states that he and his associates have asked the Comptroller of the Currency to secure certain data for the committee, without which it would be impossible to conduct the inquiry as directed by House resolution 504 under which the committee is proceeding, and that the comptroller has declined to secure the data without direction from you.

It appears from the letter that the committee first sought the data directly from the national banks themselves, but that their officers declined to furnish it, and that the committee now proposes to have the information obtained by the Comptroller of the Currency.

Paragraph 5 of House resolution 504 provides:

"The Comptroller of the Currency, the Secretary of the Treasury, and the Commissioner of the Bureau of Corporations, and their respective assistants and subordinates, are hereby respectively directed to comply with all directions of the committee for assistance in its labors, to place at the service of the committee all the data and records of their respective departments, to procure for the committee from time to time such information as is subject to their control or inspection, and to allow the use of their assistants for the making of such investigations with respect to corporations under their respective jurisdictions as the committee or any subcommittee may from time to time request."

In his letter Mr. Untermyer states:

"The committee desires to secure data showing (1) the character of the transactions in which certain of the leading national banks of the country have been engaging, such as the promotion and underwriting of securities on behalf of syndicates; (2) instances in which they have acted as what are known as 'issuing houses' for the sale of securities to the public; (3) transactions by the banks made directly or indirectly with their officers and directors and with corporations in which such officers and directors were largely interested; (4) purchases and sales of bonds and shares of stock by the banks and speculations conducted by them or by corporations that are owned by them.

"These are in a general way the heads of the topics with respect to which we are seeking data as a basis for the oral examination of witnesses. Our general purpose is to acquaint Congress with the character of the business in which the larger banks are engaging; to point out the public dangers, if any, accompanying the broad powers now possessed by the banks in the use of their funds; and to expose whatever abuses may be found to exist in the present system, with a view of constructive and corrective legislation. The committee purposes further to show the inadequacy of the present currency laws, the danger of panics to which they give rise, and the legislation required to correct this situation."

You have referred this letter to me with a request to be advised as to your lawful powers to give the information ascertained through the Comptroller of the Currency.

It would appear from the letter of Mr. Untermyer that but little, if any, of this information is now in the comptroller's possession, and that the comptroller in order to furnish it would be compelled to procure it by means of examinations of the banks. Two questions therefore arise in considering your request:

1. Whether you have the power to direct the comptroller to furnish to the House committee such information as is now in his possession?

2. Whether you may direct the comptroller to obtain other data and thereafter to furnish it to the committee?

1. The Comptroller of the Currency is the chief of the bureau of the Treasury Department charged with the execution of laws relating to the issue and regulations of the national currency secured by United States bonds, and he performs his duties "under the general direction of the Secretary of the Treasury." (Sec. 324, R. S.)

The statutes relating to the national banks give him full visitorial powers to enable him to see that the national banks faithfully observe the laws and avoid insolvency.

No association may commence in business until its organization certificate has been submitted to the comptroller and he has certified that it has fully complied with all the provisions of law to entitle it to engage in business (Secs. 5168, 5169.) Where the association desires to extend its life beyond the original period, he must cause a special

examination to be made to determine that its affairs are in a satisfactory condition. (Act July 12, 1882, sec. 3, 22 Stat., 162.)

After commencing business each association must at least five times a year report to the comptroller, upon forms prescribed by him, its condition in great detail and the comptroller may at any time call for a special report from any bank. (Sec. 5211.)

The comptroller, with the approval of the Secretary of the Treasury "shall, as often as shall be deemed necessary or proper, appoint a suitable person or persons to make an examination of the affairs of every banking association, who shall have power to make a thorough examination into all the affairs of the association, and in doing so to examine any of the officers and agents thereof on oath, and shall make a full and detailed report of the condition of the association to the comptroller." (Sec. 5240, as amended Feb. 19, 1875, 18 Stats., 329.)

In order that he may adequately enforce the provisions of law imposing restrictions on the national banks the comptroller is vested with power to put any national bank in the hands of a receiver for the purpose of winding up its affairs—first, for not keeping its capital stock above the minimum provided by law (sec. 5141); second, for not keeping good its surplus (sec. 5151); third, for not keeping its reserve up to the prescribed minimum (sec. 5191); fourth, for holding its own stock for more than six months (sec. 5201); fifth, for failure to pay up its capital stock or for failure to make good its impairment (sec. 5205); sixth, for improperly certifying a check (sec. 5208); seventh, for nonpayment of its circulating notes (sec. 5234). By section 5239, Revised Statutes, the comptroller is charged with the duty of causing the dissolution of any national banking association through the institution of a suit to forfeit its charter whenever its board of directors knowingly violate or permit any of its officers or agents to violate any of the provisions of the national banking laws.

Finally, by section 333 of the Revised Statutes, as amended February 18, 1875 (18 Stat., 317), the comptroller is directed to make reports to Congress at the commencement of each session exhibiting—

"First. A summary of the state and condition of every association from which reports have been received the preceding year. * * * with an abstract of the whole amount of banking capital returned by them, of the whole amount of their debts and liabilities, the amount of circulating notes outstanding, and the total amount of means and resources * * * and such other information in relation to such associations as, in his judgment, may be useful.

"Second. A statement of the associations whose business has been closed during the year, with the amount of their circulation redeemed and the amount outstanding.

"Third. Any amendment to the laws relating to banking by which the system may be improved; and the security of its holders of its notes and other creditors may be increased."

Also a statement of the business of savings banks organized under the laws of the several States and Territories and the names and compensation of the clerks employed by him and the expenses of his bureau during the year.

Thus the banking laws clothe the comptroller with authority to examine into the affairs of national banks for three main purposes: First, to ascertain the financial condition and soundness of management of national banks; second, to determine whether or not such banks are operating in conformity with the banking laws; third, to enable him to recommend amendments to the existing law.

Nowhere in the law is there any express provision that the information thus acquired by the comptroller shall be confidential. While, if in your opinion the interests of the Government require that this information shall be so treated, you have the right to refuse to divulge it (Boske *v.* Comingore, 177 U. S., 459, 469), yet, I am clearly of the view that if in your opinion it is proper to give this information to the House committee you have the lawful power to do so.

2. There remains the question whether you have the power to direct the comptroller to collect the information described in Mr. Untermyer's letter which is not already in his possession.

At the outset it should be remarked that the paragraph of the House resolution undertaking to direct the comptroller, the Secretary of the Treasury, and other executive officers to comply with all directions of the committee for assistance in its labors has not legal effect. (6 Op. Atty. Gen., 680.) The duties of the comptroller are imposed by law and can not be lessened or increased by resolution of one House. This question must be answered, therefore, from the statutes themselves without regard to the resolution. It is not suggested that the comptroller needs the information in question to enable him to perform a duty devolved upon him by the statutes pertaining to his office. Mr. Untermyer states that the committee of the House desires it to enable it to determine whether or not further legislation is necessary.

By section 5211, Revised Statutes, the comptroller is expressly given "power to call for special reports from any particular association whenever in his judgment the same are necessary in order to have a complete knowledge of its condition."

One view of this section is that it limits the power of the comptroller to call for reports concerning the financial condition of a particular association only, and that is not broad enough to empower him to ask reports regarding general conditions which may have a bearing merely upon the expediency of amendments to the existing law. I think that too narrow a construction of the section, because section 333, Revised Statutes (above quoted), requires the comptroller to make an annual report to Congress at the commencement of its session, showing, among other things, "any amendment to the laws relating to banking by which the system may be improved and the security of the holders of its notes and other creditors may be increased." And the power given in section 5211 to call for special reports is, in my opinion, broad enough to authorize him to call for any reports which may be necessary to enable him to determine how, in his opinion, the banking system may be improved by new legislation and what legislation he should recommend to Congress for that purpose.

This view is strengthened by the provisions of section 5240, which authorized the comptroller, with the approval of the Secretary of the Treasury, "as often as shall be deemed necessary or proper," to appoint suitable persons to make an examination of the affairs of every banking association, such examiners to have power "to make a thorough examination into all the affairs of the association, and in doing so to examine any of the officers and agents thereof on oath, and shall make a full and detailed report of the condition of the association to the comptroller."

But clearly the comptroller can not exercise such power merely for the purpose of procuring information for a committee of one of the Houses of Congress on which that committee may base *its* conclusion as to what amendatory legislation is necessary or desirable. If the committee is without adequate powers to enable it to pursue the inquiry committed to it by the House (as to which I express no opinion), it should seek additional power by way of amendment to the law or by joint resolution of both Houses of Congress. It can not properly expect the Comptroller of the Currency, by a strained construction of the statutes, to exercise a power given to him for a definite purpose to procure information for another purpose, thus furnishing indirectly the committee information which the law does not authorize it to get directly.

Since the Comptroller exercises his functions under the general direction of the Secretary of the Treasury, and therefore of yourself, it follows that if either you or the Secretary think that the comptroller should have before him in the performance of his duties any of the information mentioned in Mr. Untermyer's letter you have the lawful power of directing him to procure it.

It is true that while the comptroller is performing quasi judicial functions, his discretion can not be controlled by you (Butterworth *v.* Hoe, 112 U. S., 50), yet this is not so of all his duties, otherwise the provision in the statute that he perform his duties under the general direction of the Secretary of the Treasury would amount to nothing. Certainly, broad general lines of policy may be laid down by you to be followed by the comptroller, and you may direct him to make inquiries along certain lines and to consider the data thus acquired in determining whether individual banks are in sound condition and are obeying the existing law and whether amendments thereto should be recommended.

If, therefore, you believe that any information outlined by Mr. Untermyer should be obtained and considered by the comptroller in the performance of *his* duties, in my opinion you may direct him to procure it; and after it has been obtained for this legitimate purpose you may, if you deem proper, direct him to furnish it to the House committee. If, however, neither you nor the comptroller believe that such information is useful or necessary to him in the performance of his duties, you could not properly direct him to procure it.

I express no opinion as to the *propriety* of furnishing to the House committee any information gathered by the comptroller. I am informed that it has been the custom of his office to consider a great part of such information as confidential. But as to the wisdom of applying this rule in the present instance, the Secretary of the Treasury and the comptroller can best advise you.

Respectfully,

GEORGE W. WICKERSHAM.

The PRESIDENT.

Mr. UNTERMYER. Now, a letter of November 26 to the Comptroller of the Currency, Mr. Lawrence O. Murray:

EXHIBIT No. 185, JANUARY 8, 1913.

NOVEMBER 26, 1912.

Hon. LAWRENCE O. MURRAY,
Comptroller of the Currency, Washington, D. C.

DEAR SIR: The Subcommittee of the Committee on Banking and Currency of the House of Representatives, acting under House resolution 504, requires the following data from your department:

1. Lists of all stockholders of record in national banks in the five principal reserve cities, who were registered holders of upward of 100 shares at the time of the filing of the last lists with your department, but this information is only required with respect to banks in such cities having a capital and surplus exceeding $5,000,000 at the time of the last statement made to your department.
2. A list of all securities held by such banks at the respective dates of their last statements.
3. A statement of the aggregate loans of such banks, separately stating the amount loaned on stock exchange collateral and otherwise.
4. A list of the consolidations of banks that have been effected in the past seven years, with the names of the leading banks, but confining the statement to the banks with a total capital on consolidation of not less than $5,000,000.
5. A list of the national banks that have connected with them a so-called "security company" similar to the arrangement between the First National Bank and the First Security Co. and between the City National Bank and the City Security Co. I refer only to those national banks which upon distribution of profits have caused or been instrumental in causing the organization of these security companies, with substantially the same list of directors owning interests in the security companies in substantially the same proportions in which they own interests in the banks. My inquiry is limited to the cases in which the shares of the security companies are only salable or purchasable with the shares of the banks.

I understand that there are about 200 such companies in the United States. My inquiry is confined to those with a capital of upward of $1,000,000, which will be comparatively few in number.

There is a vast amount of data that is essential to the committee to enable it to conduct this inquiry which I understand that the committee will not be able to secure from your department without Executive order, which the committee has as yet been unable to secure. The request for such order was made of the President on September 24, 1912, and was by him referred to the Attorney General. From time to time the Attorney General has promised to pass upon this request, but neither the committee nor its counsel has as yet had any definite word or decision from him, although we have seen repeated statements in the press to the effect that he has recommended the refusal of the request.

I have accordingly omitted the call for all such data from this letter, but have assumed that from no point of view could there be any objection to supplying the class of information here requested. Am I right as to this, or will the attitude of the department apply also to the limited information here asked?

As the committee resumes its oral hearings on December 9, perhaps you will be good enough to advise me as promptly as possible whether this information can be had and, if so, whether it will be available prior to the date fixed for the hearings and, if so, how soon.

Very truly, yours, SAMUEL UNTERMYER.

Have you a list available, and, if so, can you furnish or refer me to the data, showing the names and localities of the various banks throughout the country who have correspondents in the five principal reserve cities, together with the names of the banks that act as such correspondents? Is there also data available, and, if so, can you furnish it to me, showing the average amounts of deposits in the various New York banks of money belonging to out-of-town banks?

S. U.

There is another letter from the comptroller, of December 19, in which he furnishes certain data:

EXHIBIT No. 186, JANUARY 8, 1913.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, December 19, 1912.

Hon. SAMUEL UNTERMYER,
House of Representatives, Washington, D. C.

SIR: The receipt is acknowledged of your letter of recent date, and in compliance therewith you will find inclosed—

First. A list of national banks in New York City, Chicago, St. Louis, Boston, and Philadelphia, having capital and surplus of $5,000,000 or over, with classification of loans and discounts as shown by their reports on November 26, 1912. It will be noted that this list shows the amount of loans secured by stocks, bonds, etc. All of this may not be stock-exchange collateral, but this office has no way of distinguishing.

Second. A list of national banks with which other national banks have been consolidated in the past seven years, all of such banks having upon consolidation a total capital of not less than $5,000,000.

Third. A list of national banks that have connected with them a State bank or security company, similar to the arrangement between the First National Bank and the First Security Co., and between the City National Bank and the City Security Co., and in which the shares of the State bank or security company are only salable or purchasable with the shares of the national banks, this list being confined to national banks with a capital of upward of $1,000,000. This list is as nearly correct as can be made from the records of the office, there being no provision in law requiring banks to render reports to this office covering this point.

Fourth. A statement showing the aggregate balances due from and to reserve agents located in the central reserve cities—New York, Chicago, and St. Louis—by reserve cities and States, on February 20, 1912. The preparation of this table required an examination of the reports of every national bank in the United States for February 20, 1912.

In reply to your further inquiry, you are further advised that this office has maintained a record showing names and localities of the various banks throughout the country who have correspondents in the five principal reserve cities, together with the names of banks that act as such correspondents.

Owing to the pressure of the current business this office has not sufficient clerical force to compile a list of stockholders and a list of securities held by national banks in the five principal reserve cities having a capital and surplus exceeding $5,000,000, to furnish a list of reserve agents in the five principal reserve cities as desired, and to make out a table covering the reports furnished by the banks on November 26, 1912, similar to the table inclosed for February 20, 1912. If, however, the committee will authorize me to employ clerks to be paid at the rate of $3 a day, I shall prepare the information required in the briefest time possible.

Respectfully,

LAWRENCE O. MURRAY, *Comptroller.*

Thereupon counsel for the committee sent the following day letter to the comptroller:

EXHIBIT No. 187, JANUARY 8, 1913.

NEW YORK, *December 24, 1912.*

Hon. LAWRENCE O. MURRAY,
Comptroller of the Currency, Washington, D. C.:

Referring to your letter of 19th instant answering my letter of November 26, committee urgently requires data referred to in last paragraph your letter, especially lists of securities held by national banks and lists of stockholders. Can not you now without delay prepare this data with your present clerical force for delivery here next Wednesday, if lists of stockholders limited to holders of 1,000 shares and over and lists of securities limited to $100,000 and over of any specified security owned by bank. Data might be furnished in installments, taking New York banks first, then Philadelphia, Boston and Chicago in order named. Committee also requires your presence January 7 which we trust will be convenient.

SAMUEL UNTERMYER.

On the 26th counsel for the committee had this reply from the deputy comptroller:

EXHIBIT No. 188, JANUARY 8, 1913.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, December 26, 1912.

Mr. SAMUEL UNTERMYER,
No. 37 Wall Street, New York, N. Y.

SIR: The receipt is acknowledged of your telegram of December 24, addressed to the comptroller, requesting certain data for the use of the House Committee on Banking and Currency.

Mr. Murray is out of the city, but your request will have the proper attention.

Respectfully,

F. P. KANE,
Deputy and Acting Comptroller.

Another letter from counsel for the committee to the comptroller, dated December 26:

EXHIBIT No. 189, JANUARY 8, 1913.

DECEMBER 26, 1912.

Hon. LAWRENCE O. MURRAY,
Comptroller of the Currency, Washington, D. C.

DEAR SIR: I am in receipt of advices from St. Louis to the effect that the shares of stock of national banks or that the control of the stock of such banks is held, not by individual stockholders, but by trust companies and other corporations. If you have any record of any controlling interests in national banks held in that way may I ask you to be good enough to furnish the committee the facts?

Very truly, yours,

SAML. UNTERMYER,
Counsel to the Committee.

On the 26th of December counsel for the committee wrote the comptroller the following letter:

EXHIBIT No. 190, JANUARY 8, 1913.

DECEMBER 26, 1912.

Hon. LAWRENCE O. MURRAY,
Comptroller of the Currency, Washington, D. C.

DEAR SIR: The subcommittee of the Committee on Banking and Currency of the House of Representatives which is engaged in investigating the question of the concentration and control of money and credit under House resolution 504 has been satisfied from the beginning—and experience has confirmed its then stated view—that no exhaustive investigation can be conducted, such as is provided for by the resolution, without access to the books of account and affairs of the principal national banks in the great reserve cities.

The data we require at the moment relates to the loans made by the principal national banks in the reserve cities and involves a disclosure to the committee of the names of the borrowers and the security for such loans from 1905 to the present time. The committee is not, however, interested in any of such loans except those for $1,000,000 and over. The information is desired for the specific purpose of enabling the committee to examine witnesses in connection with such loans for the purpose of ascertaining whether, and if so, in what way and to what extent, these banks are used by the great financial interests. In this connection I beg to inquire whether you are prepared to furnish this data, and if so, how soon it can be made available?

Wherever it is reasonably apparent that the transactions in question have no direct bearing upon the subject under investigation, the information will, of course, be regarded by the committee as confidential. Only such instances would be disclosed concerning which it may be found necessary to interrogate witnesses, and I beg to repeat that no data is desired of any single transaction or series of transactions of less than $1,000,000.

Kindly advise me promptly whether the information will be furnished under the restrictions set forth in this letter, and if so how soon it will be available. In order to be of use to the committee, it should be in the hands of counsel not later than January 3, 1913.

Very truly, yours,

SAM'L UNTERMYER,
Counsel to the Committee.

On December 27 counsel for the committee had from the deputy comptroller the following reply:

EXHIBIT No. 191, JANUARY 8, 1913.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, December 27, 1912.

MR. SAMUEL UNTERMYER,
No. 57 Wall Street, New York, N. Y.

SIR: The receipt is acknowledged of your two letters of December 26 relative to furnishing additional information for the Subcommittee on Banking and Currency.

The comptroller is out of the city, but the matter will be called to his attention immediately upon his return.

Respectfully,

F. P. KANE,
Deputy and Acting Comptroller.

Another letter of the 28th of December from counsel for the committee to the comptroller:

EXHIBIT No. 192, JANUARY 8, 1913.

DECEMBER 28, 1912.

HON. LAWRENCE O. MURRAY,
Comptroller of the Currency, Washington, D. C.

DEAR SIR: Referring to your letter of the 19th instant, a copy of which I forwarded to the chairman of the committee, I am to-day in receipt of his telegraphic reply, as follows:

"Your letter of 24th instant with inclosures received. I consider list of stockholders and list of securities held by national banks in the five principal reserve cities having capital and surplus exceeding $5,000,000, and that of all reserve agents in five principal reserve cities with similar table of reports to that furnished by banks on November 26, 1912, inclosed in letter from the comptroller February 20, 1912 (sic), of importance, and I am willing to authorize the employment of clerks at the rate of $3 per day to tabulate this information, provided estimate can be furnished the comptroller as to the approximate cost and that it is not too great. Please answer."

Perhaps you will be good enough to furnish a prompt answer to the inquiry therein contained concerning the approximate cost of the work and how soon it can be concluded. Unless we can get the results within 10 days it may be too late for our purpose.

Very truly, yours,

SAM'L UNTERMYER,
Counsel to the Committee.

There was no answer to that.

All of these letters are offered in evidence.

The papers referred to were thereupon marked "Exhibits Nos. 169 to 192," inclusive, January 8, 1913.

Mr. UNTERMYER. Is Mr. Murray here?

The CHAIRMAN. Yes; Mr. Murray is here.

TESTIMONY OF MR. LAWRENCE O. MURRAY.

The witness was sworn by the chairman.

Mr. UNTERMYER. Mr. Murray, you are the Comptroller of the Currency?

Mr. MURRAY. I am.

Mr. UNTERMYER. And how long have you occupied that post in the Government service?

Mr. MURRAY. Nearly five years.

Mr. UNTERMYER. You took office at what time?

Mr. MURRAY. April 28, 1908.

Mr. UNTERMYER. Have you heard read here the correspondence between counsel for the committee and the President, the Attorney General, and yourself?

Mr. MURRAY. I heard the latter part of it, Mr. Untermyer. I did not get in for the first of it.

Mr. UNTERMYER. Is there anything you would like to say concerning this correspondence and the requests that have been made upon you for information, other than what is embodied in your letters?

Mr. MURRAY. I had not seen the letters until yesterday, Mr. Untermyer. I was called home on account of illness in my family, and was there two weeks. We have furnished you, I think, up to the time I went home, all the information you asked for. I sent it to you in New York.

Mr. UNTERMYER. I beg pardon; you have never furnished us with any of the information except what was on file in your own office.

Mr. MURRAY. Yes; that is all.

Mr. UNTERMYER. Well, you have never furnished us with any of the information we asked you to secure from the banks, have you?

Mr. MURRAY. No, sir.

Mr. UNTERMYER. You have not, for instance, furnished us with any information as to the securities that are owned by national banks in the five reserve cities having a capital of $5,000,000 and over?

Mr. MURRAY. I have had that information made up, Mr. Untermyer. It took some days, and it was finished yesterday, and it now remains for the President or the Secretary to authorize me to send it to you.

Mr. UNTERMYER. Are you aware for how many months the committee has been trying to get this information, Mr. Murray?

Mr. MURRAY. I received from you last summer some letters, and I called on you in New York and we had a conference, and I told you I would be glad to furnish you anything in my office that I was authorized to furnish by the President, as I was subject to his orders.

Mr. UNTERMYER. Yes; you referred me to the President on that subject.

Mr. MURRAY. Yes.

Mr. UNTERMYER. Do you know any reason, Mr. Murray, why the assets of a national bank should be regarded as secret?

Mr. MURRAY. I know of no reason, sir, unless——

Mr. UNTERMYER. They are so regarded, and they are guarded as secret property, are they not?

Mr. MURRAY. We have never been asked to give them out, and have never given them out, Mr. Untermyer.

Mr. UNTERMYER. Will you explain, if you choose to do so, any reason why the assets of a national bank, other than the names of the borrowers, should not be public property, available to every depositor in the bank or would-be depositor and to every stockholder in the bank?

Mr. MURRAY. If I were managing a national bank, I should make it public to every one who wanted to know, and publish it in every paper that I could reach.

Mr. UNTERMYER. But you know that it is guarded as a secret, do you not?

Mr. MURRAY. By whom?

Mr. UNTERMYER. By the banks.

Mr. MURRAY. Well——

Mr. UNTERMYER. Why does not the comptroller publish it?

Mr. MURRAY. The law gives him no direction in that regard, and it has never been done.

Mr. UNTERMYER. Don't you think it would safeguard the public and add very much to the security of banks if the Comptroller of the Currency were required, as is the superintendent of insurance in the State of New York now required, to publish a list of the assets of every bank other than the names of borrowers?

Mr. MURRAY. I think it is a wise provision, Mr. Untermyer; it would be.

Mr. UNTERMYER. Yes; you think it should be done, do you not?

Mr. MURRAY. Well, I will not say I think it should be done, but I think it would be a wholesome thing if it were done.

Mr. UNTERMYER. Does it not occur to you, Mr. Murray, that it would have a deterrent effect against the banks carrying vast quantities of a single security in which they or their officers might be interested?

Mr. MURRAY. I do not know what effect it would have.

Mr. UNTERMYER. Does it not seem reasonable that it would have the effect of making them very much more careful in making investments?

Mr. MURRAY. I could not say as to that. Legislation does not always make people careful, you know.

Mr. UNTERMYER. But to have the public eye focused upon the character of investments of a public institution tends to make it careful, does it not?

Mr. MURRAY. Well, on that I do not care to express any opinion.

Mr. UNTERMYER. Well, have you not any opinion?

Mr. MURRAY. I do not care to express an opinion on theoretical questions that way; what effect a law might have; that is a psychological question.

Mr. UNTERMYER. Is not that a question that every lawmaker has to consider when he is determining upon a law, whether it is psychological or otherwise?

Mr. MURRAY. I think it would be a very wholesome thing, but further than that I do not care to answer.

Mr. UNTERMYER. Could you not tell us why it would be wholesome? Is not that one of the things that this committee ought to find out—that is, as to the effect of a law—whether it would be good or bad?

Mr. MURRAY. If the securities of a bank were to be made public property, as they are in the savings banks I think of New York, and if I mistake not in Massachusetts——

Mr. UNTERMEYER. And in the life insurance companies?

Mr. MURRAY. And in the life insurance companies, to those who know about banking and about investments, and so on (I am not speaking now of the ordinary depositors, who pay no attention to those things), it would focus their attention onto the question of whether or not it was distributing its investments on a fair and a wise basis; it would call attention to the fact whether or not the bank was investing in securities regarded by the banking world as sound and liquid and good; and my impression is it would have a very—you are asking my opinion now, which I do not care to give.

Mr. UNTERMYER. Yes. That is what we are asking.

Mr. MURRAY. My impression is that it would have a wholesome effect in keeping out of all banking institutions securities that are not regarded by the banking and investing public as good.

Mr. UNTERMYER. Are you aware that in the State of New York the policy was pursued by the superintendents of banks of publishing lists of investments of State banks until a few years ago, when it was stopped?

Mr. MURRAY I did not know that it was stopped. I do remember some published reports of the superintendent of the State of New York some 8 or 10 years ago of the lists of securities held by the State banks and trust companies. I turned to a recent report within a week or two to find if that was being done now, and I found that it was not. I did not know that it had ever been stopped. I do not know about that.

Mr. UNTERMYER. Looking at the subject from the point of view of justice to the stockholders and depositors, in your judgment is it not but fair to them that they should know of what the assets of the bank consist?

Mr. MURRAY. I certainly think it is. Their money is invested. It is their money and the depositors' money involved in these securities, and I see no reason why they should not know, aside from the other effects it might have as I have stated.

Mr. UNTERMYER. Do you know of any way in which they can get access to that information now as the law stands to-day?

Mr. MURRAY. Simply by the courtesy of the officers of the banks.

Mr. UNTERMYER. Have you ever known of the courtesy of the bank being extended in that direction?

Mr. MURRAY. I do not know whether it has ever been extended; neither do I know that it has been rejected. I beg pardon. I have had a few cases since I have been comptroller—three complaints of stockholders who wanted to examine the books of a bank.

Mr. UNTERMYER. They did not get into them, did they?

Mr. MURRAY. I do not know. I could not say as to that.

Mr. UNTERMYER. As to the list of stockholders, do you know why that should be guarded as a secret?

Mr. MURRAY. I do not. I think the list of stockholders of every national bank should be as public as the morning newspaper.

Mr. UNTERMYER. That would require a change in the law, would it not?

Mr. MURRAY. No; the law now says that the banks shall keep in public view a complete list of its stockholders.

Mr. UNTERMYER. It is only available to stockholders, however, is it not?

Mr. MURRAY. No; it is available to stockholders and to the assessing officers of the different localities.

Mr. UNTERMYER. It is not available, is it, to a depositor who wants to know who really owns and controls the bank with which he is doing business?

Mr. MURRAY. No; it is not; not unless the bank cares to give it to him.

Mr. UNTERMYER. I mean it is not legally available to him.

Mr. MURRAY. No.

Mr. UNTERMYER. It ought to be, ought it not?

Mr. MURRAY. I think so. My view is that the lists of stockholders of national banks ought to be posted publicly in the lobby, for everybody to see who wants to see.

Mr. UNTERMYER. In your judgment, should there not also be restrictions and regulations that would require that the actual owner of stock shall be developed, rather than a mere formal or dummy holder?

Mr. MURRAY. I certainly do.

Mr. UNTERMYER. On account of the stock liability?

Mr. MURRAY. The double liability of the stock is an asset for the protection of the depositors, and if the real owner is not revealed, the double liability can not be depended upon. You do not know whether it exists or not.

Mr. UNTERMYER. Since you have been there, has your department had considerable difficulty on that score in failed banks, finding that the stock has been transferred into the names of irresponsible persons?

Mr. MURRAY. Yes, sir; we have not had much litigation, but it comes up practically in every bank that fails.

Mr. UNTERMYER. The fact is, is it not, that the men who learn soonest whether a bank is going to fail or not are the insiders, the officers and directors? They know what is happening?

Mr. MURRAY. It depends on the directors. They are in the position to know, certainly.

Mr. UNTERMYER. They are the people in a position to know?

Mr. MURRAY. That is true.

Mr. UNTERMYER. As stockholders, are they not in a position soonest to get from under by transferring the stock out of their name into other names?

Mr. MURRAY. I have known that to be done in one or two instances.

Mr. UNTERMYER. In your judgment, should there not be some change in the law that would prevent a director or officer from escaping that stock liability by transferring his stock within a given time before a failure? For instance, that he must have transferred it six months or a year before the bank failed in order to relieve him from liability? Would not that be a wholesome provision?

Mr. MURRAY. I would go further than that. I would hold him no matter how many years had elapsed, provided he transferred it with knowledge; but that would be a very hard thing to prove. We have sued stockholders who transferred their stock, on the ground that they had knowledge of the failing condition of the bank. I do not remember the termination of the litigation, but I think we won in a number of cases, where the courts held that they had knowledge.

Mr. UNTERMYER. Where you proved that it was a colorable transfer?

Mr. MURRAY. Yes.

Mr. UNTERMYER. However, that is a very difficult proof to make, is it not?

Mr. MURRAY. Yes; it is.

Mr. UNTERMYER. In the absence of such proof, is it or is it not true that this supposed double liability on the stock is a liability that does not always materialize and is capable of evasion?

Mr. MURRAY. That is a weakness in the double liability. I believe that, as the double liability of stock is an asset for the protection of depositors, that stock ought to be held at all times by people who can respond to the double assessment. There is no law on the question of the comptroller having any control over the transfer of stock after the bank is chartered, but I issued an order about two years ago that I would not charter another national bank unless the organization papers affirmatively showed that the stockholders at the date I issued that charter were able to respond to any assessment up to 100 per cent of their holdings. I can control the situation when I issue the charter, but after that I can not.

Mr. UNTERMYER. That is not very substantial, is it?

Mr. MURRAY. That is not substantial at all; but that is the only time I can control it, and I propose to control it at that time.

Mr. UNTERMYER. Do you not find the national banking act, as applied to present financial conditions, an insufficient, inadequate body of law?

Mr. MURRAY. From the standpoint of effective administration in the comptroller's office I do. As to whether it meets the commercial necessities, that is another question.

Mr. UNTERMYER. The banking act was passed in 1863, was it not?

Mr. MURRAY. Yes; and amended the next year.

Mr. UNTERMYER. Amended in 1864?

Mr. MURRAY. Yes.

Mr. UNTERMYER. And we are operating, practically, under that law to-day, with all our changed financial conditions?

Mr. MURRAY. In so far as the substance of that law is concerned, it has not been changed hardly a hair in half a century.

Mr. UNTERMYER. Do you find any prohibition against directors dealing with their own banks?

Mr. MURRAY. There is none in the law.

Mr. UNTERMYER. There ought to be, ought there not, Mr. Murray?

Mr. MURRAY. Well, I have turned that subject over in my mind quite a little.

Mr. UNTERMYER. Do you know the foreign system?

Mr. MURRAY. Some of our States prohibit a director from borrowing from his banks.

Mr. UNTERMYER. Do you know the system that in England, Germany, and France they are not permitted to deal with their corporation?

Mr. MURRAY. Yes.

Mr. UNTERMYER. Do you not see a great peril in permitting directors to borrow money from their own corporations?

Mr. MURRAY. The records of the comptroller's office show that we have a good many failed banks that have been ruined by the direc-

think there ought to be a pretty drastic law on the subject; but whether or not it should absolutely prohibit a man who is in excellent credit from borrowing from a bank of which he happens to be a director, I am in doubt. Certainly, however, I think the law ought to prohibit directors from ruining the banks, as they now sometimes do.

Mr. UNTERMYER. It is pretty difficult to draw the line, if you give them the right to put their hands into the till, is it not?

Mr. MURRAY. Yes; it is difficult.

Mr. UNTERMYER. The question of how soon they shall take it out is a difficult one for the law to regulate?

Mr. MURRAY. Yes.

Mr. UNTERMYER. I want to call your attention to a recommendation in your annual report for 1911 to Congress, as follows [reading]:

An amendment forbidding any officer of a national bank to directly or indirectly receive or accept money or other valuable thing from any borrower from the bank as a reward or inducement or consideration for obtaining the loan from the bank of which he is such officer should also be enacted.

The dishonest practice by officers of national banks of receiving personal compensation for loans made by the bank is a growing evil, and has already reached such proportions as to call for criminal legislation on the subject. In this manner either the bank is defrauded of lawful interest which it would otherwise receive, or usurious interest is exacted of a borrower by the corrupt officer. A secret reward to the officers is sometimes a deliberate bribe for obtaining a loan on insufficient security. It is recommended that the taking or accepting of money or other valuable thing from a borrower by any officer of a national bank for his own personal use, as a reward, inducement, or consideration for obtaining the loan from the bank of which he is such officer, shall be made an offense and punished by imprisonment in the penitentiary. A law should be enacted determining the period during which any person can be prosecuted, tried, or punished for offenses under the national-bank act.

Has any action been taken on that recommendation, Mr. Murray?

Mr. MURRAY. Nothing, except that I have received some letters of criticism for making the recommendation.

Mr. UNTERMYER. That is not the kind of action I refer to. I refer to legislative action.

Mr. MURRAY. None, Mr. Untermyer.

Mr. UNTERMYER. Have you ever attempted any reform in your office without receiving letters of criticism or criticism in some other form?

Mr. MURRAY. The comptroller does not know of these things unless he stumbles on them by accident, as we have done after banks have failed.

Mr. UNTERMYER. Do you not come across these things in your examinations?

Mr. MURRAY. No, sir.

Mr. UNTERMYER. You have never examined into any of the national banks to find out as to the existence of this dishonest practice on the part of any banks that have not failed?

Mr. MURRAY. We have found it after the banks have failed; after they have gone into the hands of a receiver; but we never make any inquiry at the time of examination of a national bank on that point.

Mr. UNTERMYER. The facts are quite as available to you before the bank fails as they are after it fails, are they not?

Mr. MURRAY. I do not think they are.

Mr. UNTERMYER. It is a very common practice, is it not?

Mr. MURRAY. I should not say that, sir. I know it has been done. The chief of the Insolvency Division, who administers the failed banks in my office—Judge Oldham, now dead—in his 10 years' experience of administering the failed banks and directing the legal work, was justified in making that recommendation, which I incorporated in my report.

Mr. UNTERMYER. You say in your report that it is a growing evil, and has already reached such proportions as to call for criminal legislation.

Mr. MURRAY. Yes.

Mr. UNTERMYER. Did you mean to imply, or did you not, that it was a growing evil in the banking world in the case of failed as well as nonfailed banks?

Mr. MURRAY. The recommendation was not based on going banks. It was based on his experience in the winding up of the failed banks, of which there have been about 500.

Mr. UNTERMYER. And of the 500 failed banks, in how many did you find that these practices had existed? Practially all of them?

Mr. MURRAY. No; I could not say.

Mr. UNTERMYER. Do you know in what proportion the practice existed?

Mr. MURRAY. No, sir.

Mr. UNTERMYER. Have you any record of the facts on which this recommendation is based?

Mr. MURRAY. I have quite a file of letters—probably 50 or 100—on the subject.

Mr. UNTERMYER. If your examiners were instructed to investigate with a view to the discovery of these facts, you could find them, could you not?

Mr. MURRAY. I do not think so.

Mr. UNTERMYER. How is it you can find them in the books after a bank has failed if you can not find them in the books before it has failed?

Mr. MURRAY. You do not find them in the books of the bank after the bank has failed. They are not matters of entry. You find them by other means—by rumor and by taking a certain transaction and tracing it back and getting at in roundabout ways, and having it revealed in that way. Those matters are never matters of record entered on the books of the bank.

Mr. UNTERMYER. Do you know of the practice between officers of national banks of swapping loans?

Mr. MURRAY. No, sir.

Mr. UNTERMYER. Do you investigate to determine as to the existence of such a practice between officers in different banks to borrow of one another or of one another's banks?

Mr. MURRAY. No, sir.

Mr. UNTERMYER. You do not investigate to find out as to that?

Mr. MURRAY. No, sir.

Mr. UNTERMYER. Of course, it could be ascertained by examination, could it not?

Mr. MURRAY. Why, the loans of every bank are in the bank's bills and notes.

Mr. UNTERMYER. Yes; and by a system of comparison it would be easy to ascertain if there is or is not such a practice, would it not?

Mr. MURRAY. Well, it could be ascertained if A borrowed from B's bank and whether B borrowed from A's bank, but whether that is swapping loans or not I would not know.

Mr. UNTERMYER. It would not be difficult for you to put the facts together and determine it, would it?

Mr. MURRAY. That is a matter of deduction that one might deduce one way or another.

Mr. UNTERMYER. The department has made no such investigation, however, and is not able to say whether there is such a practice; is that right?

Mr. MURRAY. That is right.

Mr. UNTERMYER. The committee would like to know a little about the character and extent and the frequency of the examinations of national banks, and for that purpose suppose you confine yourself to the national banks in the five great reserve cities.

Mr. MURRAY. The number of examinations of national banks used to be one a year. It was changed to twice a year by my predecessor, I think, not by me; and that is the practice of the office now—two examinations a year of all national banks, whether they be in the large cities or in the country districts.

Mr. UNTERMYER. And are they at specified periods of the year?

Mr. MURRAY. Well, between five and seven months apart.

Mr. UNTERMYER. How many banks have you to examine?

Mr. MURRAY. About 7,500.

Mr. UNTERMYER. How many examiners have you?

Mr. MURRAY. About, I think, 105.

Mr. UNTERMYER. That is, about 1 for every 75 banks?

Mr. MURRAY. Yes; a little more than that in the country districts.

Mr. UNTERMYER. These examiners are divided into districts, are they?

Mr. MURRAY. They have a specified territory, not fixed by law.

Mr. UNTERMYER. In the city of New York how many examiners have you?

Mr. MURRAY. Two.

Mr. UNTERMYER. Does that include al the assistants?

Mr. MURRAY. No.

Mr. UNTERMYER. How much assistance have they?

Mr. MURRAY. The office has no assistants. The examiners themselves hire whatever force they consider necessary.

Mr. UNTERMYER. They are permitted, then, are they, to employ such aid as they need?

Mr. MURRAY. Yes, sir.

Mr. UNTERMYER. But are they required themselves to conduct the examination?

Mr. MURRAY. They are supposed to be at the bank during the examination.

Mr. UNTERMYER. That is a physical impossible job for two examiners, is it not, in the city of New York? I mean, if they want to make anything more than a merely formal and perfunctory examination?

Mr. MURRAY. Do you mean alone, or with their assistants?

Mr. UNTERMYER. Even with their assistants.

Mr. MURRAY. Oh, no; it is not physically impossible.
Mr. UNTERMYER. How many banks are there in New York?
Mr. MURRAY. In New York City?
Mr. UNTERMYER. Yes.
Mr. MURRAY. I do not remember how many national banks there are. Twenty or twenty-five.
Mr. UNTERMYER. You mean in Greater New York?
Mr. MURRAY. Yes; in Greater New York.
Mr. UNTERMYER. That includes Brooklyn as well as Manhattan?
Mr. MURRAY. Yes.
Mr. UNTERMYER. What sort of reports do these examiners make to the department?
Mr. MURRAY. They make a report on a blank which we furnish; a very elaborate, or quite an elaborate blank.
Mr. UNTERMYER. Have you one of those blanks?
Mr. MURRAY. I have not one here; no.
Mr. UNTERMYER. Will you furnish this committee with a form?
Mr. MURRAY. I will get it up here in 10 or 15 minutes. We have just revised the blank. We have discarded the old one.
Mr. UNTERMYER. Will you let us have the old one that you have been using up to this time, and the one you are now inaugurating?
Mr. MURRAY. Yes. The old blank was in use a great many years, and did not give much of the information that we ought to have, and has been just revised, and the new form has been in use about three months, I think.
Mr. UNTERMYER. One of the duties of the examiners is to count the securities, is it not?
Mr. MURRAY. Yes.
Mr. UNTERMYER. That takes a considerable part of his time in these large banks, does it not?
Mr. MURRAY. Yes, sir. They check over the securities for every loan.
Mr. UNTERMYER. The examiner has the authority, has he, to administer oaths to the officers?
Mr. MURRAY. There has been a legal question raised on that once, by a bank officer. We have always held that he had, and so hold. One bank officer, however, read the statute, and he did not think they had. The statute reads:

> The bank examiner may examine the officers and directors and all others under oath.

The office has construed that to mean that the examiner may administer the oath. It has never been questioned but once in 50 years. Perhaps the one man was right and the office is wrong.
Mr. UNTERMYER. Your examiners are under oath?
Mr. MURRAY. They never were until I became comptroller.
Mr. UNTERMYER. There is no statute requiring the oath?
Mr. MURRAY. No.
Mr. UNTERMYER. Then of what use is the oath, except as a form of moral suasion?
Mr. MURRAY. The law does not require the oath of two or three hundred thousand civil-service employees, but they all take it.
Mr. UNTERMYER. You know that if they did not observe the oath they could not be punished unless there was some statute under which they took the oath. You realize that, do you not?

Mr. MURRAY. Yes; but I thought it was good administration to put the bank examiners on the same plane with the other people.

Mr. UNTERMYER. The oath should be required by law, should it not?

Mr. MURRAY. Oh, I think so. I think there is no doubt about that. And, on that point, the bank examiners were never required to give a bond, although they were in charge of something like ten or eleven billions of assets all the time. And they had never given a bond, and there was some criticism of that. The law does not require the bond, but I required that they give a bond to me in the sum of at least $20,000 for the faithful performance of their duty; and every one of them has given that bond.

Mr. UNTERMYER. Have you not been advised that the bond is about as valuable as a blank piece of paper, not being given pursuant to any law, and could not be enforced?

Mr. MURRAY. I think if they gave the bond to me and they were short in their accounts, or did something in dereliction of their duty, that I would try to enforce the bond. The court might hold that it was no good. But, at any rate, it is on file in my office.

Mr. UNTERMYER. Have you taken any advice on the subject as to the requirement of the law under which the bond should be given?

Mr. MURRAY. No. I asked my legal adviser, who passed on the bonds, as to their legality, and so on. As to whether I could enforce them or not, that would be another question.

Mr. UNTERMYER. As a matter of fact, Mr. Murray, has any occasion ever arisen under your administration in which a recourse would have been required to a bond?

Mr. MURRAY. No, sir.

Mr. UNTERMYER. There has not?

Mr. MURRAY. No, sir. We have a very fine corps of examiners.

Mr. UNTERMYER. And you know of no case in which a bonded bank examiner would have been required to be prosecuted, either in your administration or prior thereto?

Mr. MURRAY. We have had bank examiners whom I think a bond would have had a good effect upon.

Mr. UNTERMYER. What sort of supervision is there over the action of the two bank examiners in the city of New York as to the performance of their duties?

Mr. MURRAY. The bank examiners in New York are under the same supervision as all the others in the United States.

Mr. UNTERMYER. What supervision is that?

Mr. MURRAY. They are appointed and given the banks to examine, and then examine them and file their reports.

Mr. UNTERMYER. I do not think that answers the question. Are they under any supervision, in fact, in the conduct of their examination?

Mr. MURRAY. I must ask you——

Mr. UNTERMYER (interposing). Except that they are under your general control.

Mr. MURRAY. When they are examining the bank, of course, they are in entire charge of the work of examination, just as all other examiners are. They go into a bank and take charge of it, take charge of the different departments, usually seal the vaults, the different compartments and cash and reserve money, and are in abso-

lute control of the institution in all its departments until they complete the examination, write up their report, and file it.

Mr. UNTERMYER. And in practical effect that is the end of it, is it not, when they file their report?

Mr. MURRAY. Yes, sir—oh, no.

Mr. UNTERMYER. Nobody supervises that?

Mr. MURRAY. Nobody supervises the examiners' reports?

Mr. UNTERMYER. Does anybody supervise their reports in practical effect?

Mr. MURRAY. The reports of all the examiners come to the office; they are very carefully examined by a corps of competent examiners in my office; they come from those examiners to the Chief of Reports Division, who goes over the reports again. If there is any matter of criticism it is briefed very carefully, comes through the Chief of Reports' Division with his recommendation, then comes through the deputy comptroller's, this written brief and recommendations, and to the comptroller; and if there is a matter of criticism it is either taken up by the examiners with the board of directors at the time of the examination and corrected by an agreement between the board of directors and the examiners, or if that can not be accomplished (and it usually is now) a letter of criticism goes from the comptroller's office to the bank. The reports are very carefully gone over in the comptroller's office.

Mr. UNTERMYER. That is your system with respect to matters that are reported by the examiners?

Mr. MURRAY. Yes.

Mr. UNTERMYER. My question was intended to be directed to the supervision of the work of the examiners themselves rather than to the criticism that the examiners passed upon the banks. There is no supervision of the work of the examiners, is there?

Mr. MURRAY. Well, I have been in 19 different States working with the examiners myself, spending a day or two with each one, and have examined the books with them in these different States to see how they were actually doing their work, going in early in the morning and staying with them until late at night; but I have not been able to get into all the States, as I hoped to do.

Mr. UNTERMYER. Then, as a matter of fact, you do practically supervise from time to time some of the work of the examiners?

Mr. MURRAY. I have intended to do it all, but have only been able to get into 19 States.

Mr. UNTERMYER. That is what I wanted to find out.

Mr. MURRAY. I felt I could not administer the office very well without knowing what the men were doing in the field, and I proposed to go out and see what they were doing and to work with them.

Mr. UNTERMYER. Don't you require a very much larger force to make a full and complete examination of the banks?

Mr. MURRAY. Oh, the whole question of bank examination is illogical and unscientific and simply impossible under the present laws.

Mr. UNTERMYER. It is superficial under the present law?

Mr. MURRAY. Yes. No one has denounced that any harder than I have.

Mr. UNTERMYER. Do you cooperate with the State banking authorities?

Mr. MURRAY. I do.

Mr. UNTERMYER. Are your examiners authorized to compare notes with them?

Mr. MURRAY. I have issued an order that every State bank that is in any way affiliated with the national banks, that the national-bank examiner must examine the national bank when the State examiner examines the affiliated State bank so that they will both be examined on the same day. And that order is in effect, I think, in every State with the exception of possibly one, where it does not work quite so well.

Mr. UNTERMYER. What means are there for comparing notes between the State examiners and the national-bank examiners with respect to banks in a locality where there is no connection between a national bank and a State bank?

Mr. MURRAY. They compare notes if they see fit.

Mr. UNTERMYER. For instance, if they want to find out whether a man is over extended they can not find that out by simply looking into one bank, can they?

Mr. MURRAY. No. We have gone much further than that, Mr. Untermyer. When the State-bank examiners in a certain city which I have in mind went to examine all the State banks in the city, quite a large force of them, my bank examiners went to the same city and examined the national banks at the same time, so they were all covered the same week.

Mr. UNTERMYER. In cooperation with one another?

Mr. MURRAY. In cooperation with one another.

Mr. UNTERMYER. And you exchanged information?

Mr. MURRAY. They are authorized to exchange such information as they think is reasonable and without harm to either institution, to the end that the exact conditions may be reported to the State authorities and to my office.

Mr. UNTERMYER. Is that the method of procedure in New York and in other places?

Mr. MURRAY. I think it is more highly developed in New York, there is better cooperation in New York City than in any other State or in any other city.

Mr. UNTERMYER. Do the examiners there exchange information and compare notes?

Mr. MURRAY. They do very fully, I believe.

Mr. UNTERMYER. Do they keep any records of the loans and the extent to which large borrowers are committed?

Mr. MURRAY. A very elaborate system, Mr. Untermyer. The State superintendent of New York has a card index of every borrower in the State of New York of over $5,000, he tells me, not only in the city but in the State.

Mr. UNTERMYER. Do you keep a like index?

Mr. MURRAY. I do not know how full, but probably not quite as full as that; but our national-bank examiners are instructed to keep a very careful account of every borrower in their respective districts, and the different banks from which they borrow.

Mr. UNTERMYER. How frequently is that card revised and brought up to date?

Mr. MURRAY. At the time of each examination.

Mr. UNTERMYER. That is twice a year.

Mr. MURRAY. Twice a year.

Mr. UNTERMYER. And those cards are kept where, in New York City?

Mr. MURRAY. They are kept in the office of the different examiners in New York and——

Mr. UNTERMYER. There are two examiners?

Mr. MURRAY. You are speaking of New York City?

Mr. UNTERMYER. Yes.

Mr. MURRAY. They would be in New York City.

Mr. UNTERMYER. The two examiners would keep those cards at the same office; that is, in the office of your department in New York City?

Mr. MURRAY. Yes, sir.

Mr. UNTERMYER. And the State examiners would keep their cards in the State office?

Mr. MURRAY. Yes.

Mr. UNTERMYER. How frequently are those cards compared or that information compared between the two sets of examiners?

Mr. MURRAY. I do not know.

Mr. UNTERMYER. Have you any instructions on that subject?

Mr. MURRAY. No, sir.

Mr. UNTERMYER. Has each of these two examiners in New York City his own banks to examine, or do they examine alternately one another's banks?

Mr. MURRAY. They exchange lists.

Mr. UNTERMYER. They examine one another's banks?

Mr. MURRAY. Yes.

Mr. UNTERMYER. The same examiner does not examine the same set of banks all the time; is that right?

Mr. MURRAY. No.

Mr. UNTERMYER. Who are the examiners in New York now?

Mr. MURRAY. Mr. Roroback and Mr. Starek.

Mr. UNTERMYER. Who were their predecessors?

Mr. MURRAY. Mr. Hanna and Mr. Starek.

Mr. UNTERMYER. Mr. Hanna left the department when?

Mr. MURRAY. Upward of two years ago, I think.

Mr. UNTERMYER. He went into the employ of the examiner of the New York Clearing House Association, did he not?

Mr. MURRAY. Yes.

Mr. UNTERMYER. Do you know any of the men who were formerly examiners in New York?

Mr. MURRAY. Well, I have a slight acquaintance with one or two of them that I met, but I do not recall their names now. One of them went into the Seventh National. A very slight acquaintance, and I do not even recall their names.

Mr. UNTERMYER. As a rule they drift out of the public service into the banks, do they not?

Mr. MURRAY. Not as a rule. Very often the examiners go into the banks, but very often a good many that I wished did do not.

Mr. UNTERMYER. Do you know of any previous examiners in the New York district, who have been examiners, who have not gone into banks from public service?

Mr. MURRAY. I do not remember who the examiners were there, and I do not know where they are now, but quite often the banks offer the bank examiners who are competent and progressive and

good, positions, and we are constantly losing some of our good men that way.

Mr. UNTERMYER. They are best equipped for that service—their experience in the public service equips them for important service in the banks, does it not?

Mr. MURRAY. It equips some of them and some of them do not equip for anything.

Mr. UNTERMYER. Never good for anything?

Mr. MURRAY. Yes.

Mr. UNTERMYER. They stay in the service.

Mr. MURRAY. We usually keep those.

Mr. UNTERMYER. In recent years, Mr. Murray, there has developed the system of examination independent of the Federal banking service, has there not?

Mr. MURRAY. Yes, sir.

Mr. UNTERMYER. That is the system of examiners appointed by the clearing house associations in the different localities?

Mr. MURRAY. Yes.

Mr. UNTERMYER. That started in Chicago, did it not?

Mr. MURRAY. Yes, sir.

Mr. UNTERMYER. In what year?

Mr. MURRAY. I think about six or eight years ago—1904.

Mr. UNTERMYER. And it found its way to New York in what year?

Mr. MURRAY. About two years ago, I think, sir.

Mr. UNTERMYER. Does it exist now in most of the large cities?

Mr. MURRAY. I think in about 20 cities, Mr. Untermyer.

Mr. UNTERMYER. In about 20 cities the clearing house associations have their own corps of examiners for the banks that are members of the clearing house association?

Mr. MURRAY. Yes.

Mr. UNTERMYER. You have two examiners, you say, for Greater New York. Do you know how many examiners the Clearing House Association of New York has?

Mr. MURRAY. No, sir.

Mr. UNTERMYER. Did you not know it had 13—that is, 12 besides Mr. Hanna, at the head of it?

Mr. MURRAY. I do not know what their force consists of.

Mr. UNTERMYER. You know, do you not, it has a much larger corps of assistants than you have?

Mr. MURRAY. Well, I lost one man to them—they took one of my men—but I have no information as to how their force is made up—as to the number or who they are—except one man.

Mr. UNTERMYER. Your examiners cooperate with them, do they not?

Mr. MURRAY. I think they do.

Mr. UNTERMYER. Have you no intimate knowledge of the method of cooperation between the clearing-house examiners and your examiners?

Mr. MURRAY. I know that my examiners in all the clearing-house cities have general instructions to cooperate in a general way with the clearing-house examiners.

Mr. UNTERMYER. In about the same way in which they cooperate with the banking departments?

Mr. MURRAY. In about the same way; yes.

Mr. UNTERMYER. The same way?

Mr. MURRAY. No different instructions; yes.

Mr. UNTERMYER. Do you know whether the clearing house association examiners in New York also have a card index of the loans, so that they can observe the extent to which a man is committed?

Mr. MURRAY. I have no information as to how their office is organized.

Mr. UNTERMYER. Do you know whether your card index and theirs are compared?

Mr. MURRAY. I do not.

Mr. UNTERMYER. Do you not know anything about the method of cooperation?

Mr. MURRAY. The details of it; no, sir.

Mr. UNTERMYER. But you say you have given your examiners the same general instructions to cooperate with the clearing-house examiners and with the State banking departments?

Mr. MURRAY. Yes.

Mr. UNTERMYER. That would involve, would it not, that they should get together in comparision of their card indices and in determination of the extent to which men were extended in their loans or commitments?

Mr. MURRAY. Probably I might, by taking a specific instance, give the committee a little information.

Mr. UNTERMYER. If you will, we would be glad to have it.

Mr. MURRAY. For instance, in a city where we have a clearing-house examiner and a national-bank examiner, in order to avoid multiplicity of examinations, the clearing-house examiner often examines the bank with his force at the same time the national-bank examiner and his force are in. Now, the law authorizes the comptroller to force a bank to charge off its losses, a recent decision of the Supreme Court, when they are ascertained. The clearing-house examiner examines the same bank with the national-bank examiner at or about the same time; there may be a question on certain securities or on certain paper as to whether they are losses or not, and the bank examiners often confer on these difficult questions of losses, and the national-bank examiner will give the clearing-house examiner what his judgment of the losses in that bank is, and the clearing-house examiner, from his credit files and all the information which he has, will give the national-bank examiner his estimate of losses. They usually agree.

Mr. UNTERMYER. That relates to commercial paper or to bonds or stocks or any class of securities?

Mr. MURRAY. To whatever they may have. They confer on the credit of the banks, and exchange information, and I presume exchange opinions as to whether or not certain loans are good or bad. They each have different channels of information. For instance, the national-bank examiner has 100 men he may write for information about a borrower, and the clearing-house examiner may have other lines of information which are closed to the national-bank examiner.

Mr. UNTERMYER. As a matter of fact he has very many lines in great cities, which are closed to the bank examiner, through the affiliations of the clearing-house associations and their members?

Mr. MURRAY. Well, the bank examiner would have a right to ask all the national banks of the clearing house for information as well as the clearing-house examiner.

Mr. UNTERMYER. But that would not give you any access into the State banks or trust companies?

Mr. MURRAY. No; that is true.

Mr. UNTERMYER. That is where they have the advantage over you in getting data, is it not?

Mr. MURRAY. Well, they have that source of information which is closed to my examiners; yes, sir.

Mr. UNTERMYER. And that you get through them?

Mr. MURRAY. We could get it.

Mr. UNTERMYER. For the purpose of checking up the borrowers?

Mr. MURRAY. We could get it if they are willing to give it, and they usually are.

Mr. UNTERMYER. It is a very important and necessary source of information in a city like New York, is it not?

Mr. MURRAY. I think so; because a borrower might show himself not over extended in the national banks, when, as a matter of fact, he might be a very heavy borrower in the State banks and trust companies in addition to the borrowings shown in the national banks.

Mr. UNTERMYER. The clearing-house association examiners in New York City have a very complete indexing system and list on the subject of borrowings, have they not?

Mr. MURRAY. I do not know.

Mr. UNTERMYER. Do you know what data they have that they compare with your examiners?

Mr. MURRAY. I do not. I have never been in their office and do not know how it is organized or what the files show.

Mr. UNTERMYER. All you know is in a general way that there is this exchange of information?

Mr. MURRAY. Yes; that is the extent of my knowledge.

Mr. UNTERMYER. Is the information gathered by your examiners regarded as secret?

Mr. MURRAY. It has always been regarded by the office as confidential.

Mr. UNTERMYER. Well, now, confidential as against whom?

Mr. MURRAY. We have never even produced the reports of the examiners in court. We were subpœnaed to produce them at one time, and we asked the judge to rule whether or not we should obey under the law as it existed, and he ruled that those reports need not be produced in court under the subpœna.

Mr. UNTERMYER. Where was this?

Mr. MURRAY. It was in New York.

Mr. UNTERMYER. In what court?

Mr. MURRAY. The Federal court.

Mr. UNTERMYER. What judge?

Mr. MURRAY. I am not sure. I do not remember what judge.

Mr. UNTERMYER. The examiners of the clearing-house association are not officials of any Government department or even of the corporations, are they?

Mr. MURRAY. If the clearing houses are incorporated, they are. I do not believe they are incorporated.

Mr. UNTERMYER. You believe they ought to be, do you not?

Mr. MURRAY. I do not know about that. I have not expressed any opinion on it.

Mr. UNTERMYER. That is the reason I am asking you.

Mr. MURRAY. I do not know.

Mr. UNTERMYER. You have not made up your mind upon that?

Mr. MURRAY. I have not made a study of the clearing houses of the country, and as to whether they would be any better managed than they are by being incorporated I have not any opinion, because I have not any information as to how they are handled now.

Mr. UNTERMYER. You mean from your contact with the banks of the country you have not reached any conclusion as to how the clearing-house associations are managed in the country?

Mr. MURRAY. I have made no study of clearing houses, Mr. Untermyer, at all.

Mr. UNTERMYER. Coming back to the question of these examiners of the clearing-house associations, you know they are unincorporated voluntary associations?

Mr. MURRAY. I know that New York is, and I think Chicago; but that information came to me incidentally. But as to whether the others are, I do not know.

Mr. UNTERMYER. Then you know that the examiners whom they employ are responsible only to these unincorporated voluntary associations?

Mr. MURRAY. Surely.

Mr. UNTERMYER. What is there in the position and office of those examiners, Mr. Murray, that is so much more sacred that your official examiners should be permitted to expose to them the affairs of your office which they regard as confidential, even as against the courts of the land?

Mr. MURRAY. I think the cooperation between the clearing-house examiners and the national-bank examiners is just a question of credits, of which both have full information.

Mr. UNTERMYER. That is the most confidential part of your business, is it not—the question of credits?

Mr. MURRAY. Yes.

Mr. UNTERMYER. Taking up this question of the clearing-house associations, did you know of the practice of associations requiring banks who want the privilege of clearance to clear through clearing-house banks instead of being permitted to join the association, or are you entirely unfamiliar with that practice?

Mr. MURRAY. Except in a general way I am quite unfamiliar.

Mr. UNTERMYER. You do not care to discuss that at all?

Mr. MURRAY. I am not prepared to discuss it, because I do not know the facts of the different clearing houses. I do know we have had a complaint two or three times from banks in clearing-house cities saying that they were asked to subscribe to a rule which they thought was inimical to their interests or their bank, and asking what we could do about it, and I have replied, and the office has always replied, that the comptroller has no jurisdiction over clearing-house associations at all under the law, and declining to express any opinion in the premises or to offer any avenue of relief.

Mr. UNTERMYER. Let me submit this question to you: Don't you think it comes within the jurisdiction of the comptroller to say to

a national bank that it shall not allow the question of whether it is to charge its customers a given commission on the collection of out-of-town checks to be determined by some other body and to permit its board to surrender its right to regulate the affairs of that bank?

Mr. MURRAY. I think that is a question for the bank, the board of directors and its counsel, and not for the comptroller.

Mr. UNTERMYER. Suppose the comptroller should find the board of directors of the bank had delegated all the powers of the bank to some other and unincorporated institution, would not that be within the purview of the comptroller to regulate or to prevent?

Mr. MURRAY. The law puts the management of a national bank on its board of directors, and they take an oath to manage it in accordance with the law. Now, as to whether they delegate their powers or not, I do not think it is a question for me to decide.

Mr. UNTERMYER. If they lend one man too much money, you will step in and say something about it, will you not?

Mr. MURRAY. The law fixes how much they may loan; I do not.

Mr. UNTERMYER. What?

Mr. MURRAY. The statute fixes how much they may legally loan, and not the comptroller.

Mr. UNTERMYER. If they make what you regard as an improvident loan, you criticize it?

Mr. MURRAY. We criticize it if we regard it as bad or doubtful.

Mr. UNTERMYER. If they surrender their corporate rights to some other institution, you do not think that is any business of the comptroller?

Mr. MURRAY. Well, I have never had a case brought up to me where the board of directors had surrendered their rights. I do not know what I would say if such a question came up. I have insisted upon the boards of directors managing the national banks.

Mr. UNTERMYER. Don't you know the boards of directors of national banks surrender to the clearing house associations the right to say what they shall charge their customers for collecting checks and subjecting them to expulsion if they do not observe the rules of the association?

Mr. MURRAY. I do not know that. I never saw the rules of the New York Clearing House.

Mr. UNTERMYER. How are you guided in the examination of a bank in fixing the value of its securities that are listed on the New York Stock Exchange?

Mr. MURRAY. I believe they usually, on the day of the examination, check them with the market quotations of that day.

Mr. UNTERMYER. You accept, then, do you not, the published quotations of the New York Stock Exchange that are printed in the newspapers and go through the mails as presumptively the value of those securities?

Mr. MURRAY. I think so, Mr. Untermyer. I know the schedule on the examiner's report shows the book value of every security, and in the next column the market value. I suppose they determine that by the published quotations.

Mr. UNTERMYER. And those are the quotations of the New York Exchange, where the securities are listed on the New York Stock Exchange?

Mr. MURRAY. Yes. Of course where they are not listed they have to take other avenues to try to find out what they are worth.

Mr. UNTERMYER. Where they are listed they go no further?

Mr. MURRAY. There is one of the reports [handing paper to counsel]. Where they are not listed they have to get other information. They correspond and write banks and write the other examiners and write the State examiners and go through every avenue of information that they can think of to get the value of the securities. I mean the good examiners do that. The others do not.

Mr. UNTERMYER. Now, I am referring only to those that are listed, for the moment. If, therefore, the quotation of a listed security does not represent the open, free market in that security, but represents the result of manipulation of that security, the department would be deceived to that extent.

Mr. MURRAY. It would, if the examiners took the published quotations, as I believe they do.

Mr. UNTERMYER. I want to ask you about this practice of overcertification. Have you dealt with that in any of your reports recently?

Mr. MURRAY. Mr. Untermyer, that question came up before I was comptroller, and I think there was quite a general criticism of it, but since I have been comptroller I have heard nothing of it. As I remember it, the practice used to be that the banks overcertified checks in the morning without any note, or——

Mr. UNTERMYER. You know how they avoid it now?

Mr. MURRAY. They make a note, I believe, and then the bank certifies.

Mr. UNTERMYER. I wish you would tell us the procedure by which the national banks in New York City that deal with stock brokers regulate that subject of loans to the brokers in lieu of the old method of overcertification?

Mr. MURRAY. I have never looked into it.

Mr. UNTERMYER. Is it not a very important branch of your duties?

Mr. MURRAY. As to how they make their loans?

Mr. UNTERMYER. Yes; as to whether they are simply endeavoring to evade the illegal practices of overcertification?

Mr. MURRAY. My examiners in New York have never reported that there has been any evasion of the law in that regard, and I have never looked it up.

Mr. UNTERMYER. Do you know what they do? You started to tell us what they did.

Mr. MURRAY. No; I did not start to tell what they did. I started to tell you what my information was as to the old practice of overcertification and what the new practice is, but my information is limited on that.

Mr. UNTERMYER. That is what we want. Please proceed.

Mr. MURRAY. I understand they used to certify a check without a loan having been put through the bank.

Mr. UNTERMYER. That is, for the daily needs?

Mr. MURRAY. For the daily needs.

Mr. UNTERMYER. The broker, as I understand it (and you will correct me, perhaps, if I am wrong), has to make settlement each day for the transactions on the stock exchange of the preceding day, has he not?

Mr. MURRAY. Yes.

Mr. UNTERMYER. For that purpose he requires certification of checks?

Mr. MURRAY. Yes.

Mr. UNTERMYER. Now, then, if you will go on.

Mr. MURRAY. The question, I believe, came up under my predecessor as to whether a national bank was not violating the law in certifying to a check when the man had no credit balance, and I am advised, and I have very little information on the subject, that the banks adopted the plan of the broker making a note in the regular way, and it was put through the loans and discounts, and the amount of the note or proceeds credited to his account, and certification made against that credit. Now, that is the only information I have on the subject.

Mr. UNTERMYER. When does he produce the collateral for that loan?

Mr. MURRAY. I do not know. I do not know much about stock-exchange transactions in New York.

Mr. UNTERMYER. That is a very important part of a bank examiner's business to know about it in New York, is it not?

Mr. MURRAY. Possibly the bank examiners do. It is the bank examiner's business to certify to me whether every loan he finds in the bank is a good loan or not. As to how it is run through the books, I do not know.

Mr. UNTERMYER. Don't you know these loans are made daily, from day to day, that they are demand loans, and that every day's business is the subject matter of a separate transaction?

Mr. MURRAY. I know in a general way how the loans are made; yes, sir.

Mr. UNTERMYER. You do know?

Mr. MURRAY. Yes, sir; in a general way.

Mr. UNTERMYER. When the broker comes in the morning and presents a note as the basis for overcertification, do you not know there is an understanding that that afternoon he has to put in the collateral?

Mr. MURRAY. No.

Mr. UNTERMYER. You do not know that?

Mr. MURRAY. I do not know that.

Mr. UNTERMYER. Do you not know that before the end of the day the bank has the collateral for that loan?

Mr. MURRAY. I do not know the way stock brokers in New York do business with the banks.

Mr. UNTERMYER. Is it your idea that the bank lends that money to the broker without collateral?

Mr. MURRAY. I have no information on the subject as to the way they handle those loans. I have never been an officer in a national bank. I can tell you how the trust companies in New York handle them.

Mr. UNTERMYER. They handle them in the same way, do they not?

Mr. MURRAY. Well, I do not know. I will tell you what information I have.

Mr. UNTERMYER. Yes; I will be glad to have it.

Mr. MURRAY. When I was an officer of a trust company in New York, when a stock broker wanted to make a loan he sent up an

envelope containing the collateral, and the note was made out and signed, and a check, certified or otherwise, handed to him or his representative, then and there.

Mr. UNTERMYER. But that is not the way it is done in the national banks?

Mr. MURRAY. As to how the national banks run them through their books, I have not looked into it.

Mr. UNTERMYER. I am not concerned with the question as to how they run it through their books, but what the committee would like to know is how they make them, on what they certify the check and advance this money; as to whether it is on a plain note of a broker without collateral, or whether it is on a note with collateral.

Mr. MURRAY. I see.

Mr. UNTERMYER. Can you tell me that?

Mr. MURRAY. I can not.

Mr. UNTERMYER. You can not?

Mr. MURRAY. I can not.

Mr. UNTERMYER. Do you know anything about the custom of any of the banks in New York City, Boston, and Chicago, of keeping private ledgers?

Mr. MURRAY. Well, no; I do not. I have found a private book of account or a private ledger in some little bank once in a while that has usually failed.

Mr. UNTERMYER. No; I am speaking of private ledgers of great and important financial institutions.

Mr. MURRAY. I never heard of it, Mr. Untermyer.

Mr. UNTERMYER. I am speaking of ledgers which contain entries of assets which are simply put there as a sort of overflow—that is, out of superabundant conservatism of the bank. Do you know what I mean? Where they want an emergency fund to draw on, there is a diminution in the value of their assets.

Mr. MURRAY. Well, I never heard of them keeping any private ledgers. I believe some banks in the country have some assets, where their property, buildings, and so and so, are worth more than they are carried on their books.

Mr. UNTERMYER. I am not referring to cases where the assets are carried on the books at less than their market value. I am asking about any cases in which they are assets belonging to the bank——

Mr. MURRAY. Not carried on the books at all?

Mr. UNTERMYER. Just a moment. That are carried on a private book and are not taken into account in the valuation of their assets; and, mind you, not from any improper motive, but out of over-conservatism.

Mr. MURRAY. I have no information on that subject. I never heard of it being done in any of the banks in those cities.

Mr. UNTERMYER. Do you know whether it is or not?

Mr. MURRAY. If it is done?

Mr. UNTERMYER. Do you know whether it is or is not done?

Mr. MURRAY. I said I have no information on the subject.

Mr. UNTERMYER. One way or the other?

Mr. MURRAY. One way or the other.

Mr. UNTERMYER. Mr. Murray, have you any of the records relating to any of these security companies that are attached to national banks?

Mr. MURRAY. In the new reports there, Mr. Untermyer, which we put out, I asked one question of the examiners——

Mr. UNTERMYER. You mean in your new list of questions?

Mr. MURRAY. Yes. To please report the name of any affiliated State bank with the national bank, not stating, however, what the affiliation was to be, but leaving it to his judgment; and since that blank went out I have been making a card index of the replies which have come in, so I have in my office, I think, a complete list of all the national banks that have an affiliated State bank—affiliated by way of stock or——

Mr. UNTERMYER. A security company, or known as a bank or investment agency, or anything of that kind?

Mr. MURRAY. Yes.

Mr. UNTERMYER. Have you also the agreements themselves that tie the bank to the security company?

Mr. MURRAY. I made that inquiry this morning as to whether we had in the two cases you asked me about, and I will submit herewith the reply of the chief of the organization division saying that we have no papers on file in either of these two cases, and never had.

Mr. UNTERMYER. You refer to the cases of the National City Bank and the First National?

Mr. MURRAY. Yes.

Mr. UNTERMYER. You know that the subject of the relations of the institutions to one another has been under consideration by the Attorney General and by the President?

Mr. MURRAY. Yes.

Mr. UNTERMYER. And by the Secretary of the Treasury?

Mr. MURRAY. Yes.

Mr. UNTERMYER. You say you have none of those records in your office?

Mr. MURRAY. None in my office.

Mr. UNTERMYER. Will it be convenient for you to come again at 2 o'clock?

Mr. MURRAY. With pleasure.

The CHAIRMAN. The committee will now take a recess until 2 o'clock.

Whereupon, at 12.45 o'clock p. m., a recess was taken until 2 o'clock p. m.

AFTER RECESS.

The CHAIRMAN. We will resume the hearing.

Mr. UNTERMYER. Mr. Murray, will you resume the stand, please.

TESTIMONY OF MR. L. O. MURRAY—Continued.

Mr. UNTERMYER. Has the department adopted or is it acting upon any plan or policy with respect to the chartering of new banks where the banking facilities in a district are considered sufficient?

Mr. MURRAY. Well, that is one of the points of inquiry. When an application comes in we make a very extensive investigation along four or five different lines, and I have rejected quite a few applications for charters for cause; not, that I remember, for that particular cause. But if the information that comes to the office shows that the place is already overbanked we write the applicants to show the office that

there is a place for the bank, a field for it, where it will have a chance to attract sufficient business to grow and prosper. If they make that showing, the charter is always granted.

Mr. UNTERMYER. Then, do I correctly deduce from that statement that your department assumes to determine whether the banking facilities in a locality are already sufficient?

Mr. MURRAY. No; we do not assume to determine that, but if the evidence that comes in to us from the various sources shows that the banks already there have not been able to earn a dividend over a period of years, or have had their capital impaired, and instead of paying dividends to stockholders have paid no dividends and have paid in additional money to make their capital stock good, we ask the applicants to make some sort of a showing to the office that they believe their bank will have a place to grow.

Mr. UNTERMYER. But, in effect, is not that really determining the question whether the bank facilities are adequate?

Mr. MURRAY. It is an attempt to determine whether there is a place for the bank.

Mr. UNTERMYER. Can you specify any part of the United States, any district or section, in which over a series of years all the banks in the locality have done business without making a dividend?

Mr. MURRAY. I carry in mind one place where the banks have never paid a dividend, but all of them have had their capital impaired and have had to make an assessment on their shareholders to make it good.

Mr. UNTERMYER. In what section of the country is there any such place as that?

Mr. MURRAY. Well, might I give you that information in private or to the committee?

Mr. UNTERMYER. Yes. I do not mean to have you locate the town or city.

Mr. MURRAY. In the Northwest.

Mr. UNTERMYER. And in that section you have refused to charter another bank?

Mr. MURRAY. No; I think no application was ever filed with me for a bank, although some people wrote and said that they might file one, but they never have filed it.

Mr. UNTERMYER. But is it not the fact that applications have been filed with you in which you have taken the position that the facilities were sufficient?

Mr. MURRAY. I do not recall any particular case, but that is a point that we raise in every case.

Mr. UNTERMYER. The information you get, on which you reach the conclusion that the banking facilities are sufficient, is such information as is furnished you by existing banks?

Mr. MURRAY. No; we send a national-bank examiner there in every such case, sometimes once, sometimes twice, and sometimes three times.

Mr. UNTERMYER. How many such applications have you refused since you have been in business?

Mr. MURRAY. For all causes?

Mr. UNTERMYER. No; in cases in which you have concluded that the facilities were sufficient?

Mr. MURRAY. I do not remember, possibly two or three, maybe half a dozen and maybe none. I do not recall any.

Mr. UNTERMYER. You mean you are not at the moment able to give us the name of anyone?

Mr. MURRAY. No.

Mr. UNTERMYER. But there are some such instances, are there not?

Mr. MURRAY. Yes; I think so.

Mr. UNTERMYER. How many applications have you declined because the original subscribers to the stock were not men of such responsibility as would justify you in allowing the bank to start?

Mr. MURRAY. The original subscribers? I do not recall that I have ever rejected an application because of a stock subscription.

Mr. UNTERMYER. What are the other reasons for which you have rejected applications for charters?

Mr. MURRAY. Well, I have rejected charters because the people applying have had charters of national banks granted to them and let the banks fail.

Mr. UNTERMYER. What do you mean by let them fail?

Mr. MURRAY. I will change that. Or the banks did fail under their management.

Mr. UNTERMYER. You mean those are cases in which all the people making the application have been connected with failed banks?

Mr. MURRAY. No; one or two.

Mr. UNTERMYER. Where one or two men in the entire list of stockholders have been connected as stockholders or directors with the bank that has failed, have you regarded that as a good reason for refusing to grant a charter for a new bank to the other people of whom they formed only a small part?

Mr. MURRAY. No such case has been refused as is stated in your question.

Mr. UNTERMYER. Let us see. In the first place, in how many such cases have you refused charters?

Mr. MURRAY. I can not specify. The applications that have been refused and the reasons are all on file in the organization division and are available to the committee.

Mr. UNTERMYER. Will you furnish the committee with a list of all applications for charters for national banks that have been refused and the reasons for refusal?

Mr. MURRAY. I can give you—the papers in some of them are hundreds of pages of different reports.

Mr. UNTERMYER. No; the committee does not want all the data. All it would like to have would be a list of the banks, or the applications and the locations of the proposed banks and a brief statement of the reason for the refusal of the charter.

Mr. MURRAY. I can furnish that; yes, sir.

Mr. UNTERMYER. Will you furnish that to the committee?

Mr. MURRAY. I will. It may take some time to get it up.

Mr. UNTERMYER. There are not so many, are there?

Mr. MURRAY. Well, there are quite a few; 200 or probably more, over my four or five years.

Mr. UNTERMYER. Two hundred or more charters have been refused?

Mr. MURRAY. Yes.

Mr. UNTERMYER. Some in the large cities?

Mr. MURRAY. I think so.

Mr. UNTERMYER. In the cities of New York, Chicago, St. Louis, Philadelphia?

Mr. MURRAY. I do not recall.

Mr. UNTERMYER. You do not remember?

Mr. MURRAY. I do not remember.

Mr. UNTERMYER. But you will furnish us the list?

Mr. MURRAY. I will furnish you the list; yes, sir.

Mr. UNTERMYER. Will you be good enough to point to the authority in the Comptroller of the Currency to refuse a charter to a national bank on the ground that the facilities in the district are not already sufficient?

Mr. MURRAY. I do not remember that I have ever refused a charter on that special ground, but the law says that a national bank shall not be authorized unless the comptroller approves; and if I do not approve, I need not specially reject, but I just simply do not approve.

Mr. UNTERMYER. The practical effect is the same?

Mr. MURRAY. Yes.

Mr. UNTERMYER. And you say you do not now recall any such instance. Did I understand you to say that there were such instances, but you can not give us any concrete case just now?

Mr. MURRAY. I can not remember, but the files will show exactly the action taken and the reason.

Mr. UNTERMYER. Do you understand, then, that the banking law gives you the power to interfere with competition between banks by the establishment of new banks?

Mr. MURRAY. I think it gives me the power to say whether or not—it gives me the power to issue a charter or not.

Mr. UNTERMYER. But do you take it and do you construe that provision of the banking law as authorizing the Comptroller of the Currency to interfere with competition between banks by declining to approve the establishment of a bank under any circumstances where the bank is organized with the proper capital paid in by responsible people?

Mr. MURRAY. No; I do not. I believe it my duty when I sign a charter for a national bank to have it affirmatively appear in the papers, first, that the applicants are men of good character in the community, and——

Mr. UNTERMYER. And as to their means. Do you think you are empowered to determine upon their means, where they pay in their money for their stock?

Mr. MURRAY. And the application asks for information as to their financial standing and how many shares they are to take. That is on the blank.

Mr. UNTERMYER. But they have to pay for them before they can be chartered, do they not?

Mr. MURRAY. Yes; the law requires that.

Mr. UNTERMYER. You understand that the exercise of a power of that kind might seriously embarrass new competition?

Mr. MURRAY. If the power were not exercised fairly and justly and based on actual facts, I think it might be.

Mr. UNTERMYER. Is it subject to any review anywhere?

Mr. MURRAY. All banks of over $100,000 have to be approved by the Secretary in addition to the comptroller.

Mr. UNTERMYER. But there is no further review of the refusal of a charter?

Mr. MURRAY. No; except possibly the applicant might have the right of mandamus in court.

Mr. UNTERMYER. You say it is discretionary, do you not?

Mr. MURRAY. I regard it so, but I suppose a public officer is always subject to mandamus.

Mr. UNTERMYER. You would not say he was subject to mandamus to review the exercise of his discretion?

Mr. MURRAY. Such actions have been brought.

Mr. UNTERMYER. But they have not succeeded, have they?

Mr. MURRAY. I do not recall any such, Mr. Untermyer.

Mr. UNTERMYER. You have read the resolution under which this committee is acting, have you not?

Mr. MURRAY. Parts of it.

Mr. UNTERMYER. You understand, do you not, that the committee is instructed to ascertain the facts with respect to the concentration and control of money and credits?

Mr. MURRAY. Yes.

Mr. UNTERMYER. And the use of that control?

Mr. MURRAY. Yes.

Mr. UNTERMYER. Do you see how it is possible for the committee to perform the functions which are delegated to it with respect to the control of the money and credit of banks without knowing about the internal operation of those banks?

Mr. MURRAY. It would seem to me it would be very helpful to know that.

Mr. UNTERMYER. We do not want to stop there, as to whether it would be helpful to the committee, but whether it would be possible for the committee to exercise its functions without knowing as to the internal affairs of those banks. Let me illustrate. For instance, suppose a bank was being used by one of the great financial powers, which was borrowing money; would it not be essential for this committee to know the facts as bearing upon the control of the money and credit of that bank?

Mr. MURRAY. Well, Mr. Untermyer, as to what is essential for the committee to know, the committee is a very much better judge of that than I am.

Mr. UNTERMYER. Yes; but you understand the internal workings of these banks, do you not?

Mr. MURRAY. Somewhat.

Mr. UNTERMYER. You know, do you not, that they are often dominated by men who neither appear on the list of stockholders or directors or officers?

Mr. MURRAY. I do not know that.

Mr. UNTERMYER. Do you know anything about that?

Mr. MURRAY. No, sir.

Mr. UNTERMYER. Don't you know that the shares of the bank are sometimes held by other corporations?

Mr. MURRAY. I do; but as to whether or not they dominate the bank I do not know.

Mr. UNTERMYER. Suppose another corporation held the majority of the stock of a national bank; it would be fair to assume it dominated that bank, would it not?

Mr. MURRAY. You might assume it, but I would not say it would be fair to assume that.

Mr. UNTERMYER. You would not?

Mr. MURRAY. I would not assume that.

Mr. UNTERMYER. Would you say the bank was being dominated by the minority as against the majority stock holding?

Mr. MURRAY. I would not assume to say, because I do not know. The management is delegated to its directors and officers.

Mr. UNTERMYER. By the stockholders?

Mr. MURRAY. By the stockholders.

Mr. UNTERMYER. I am instancing a case in which the majority of the stock of a national bank is held by a corporation; would it not be fair to assume that that corporation or the people who dominate that corporation also dominate the bank?

Mr. MURRAY. It is a fair assumption, but whether it would be a true assumption or not is another question.

Mr. UNTERMYER. We are dealing with a fair assumption now, and you agree with me, do you?

Mr. MURRAY. I think it is fair to assume that majority holdings in all corporations have a large part of the say in the management in all corporations.

Mr. UNTERMYER. There are instances, however, in which other elements dominate to a large extent, are there not? Not the mere fact of control of stock.

Mr. MURRAY. Speaking of banks, I know there are many banks where the minority holdings, where a man with a very small minority holding, who is an officer or director, is a more dominating force in the management than are the majority holders.

Mr. UNTERMYER. Where he is a successful man?

Mr. MURRAY. And the management is practically delegated to him.

Mr. UNTERMYER. Is it not also true in the great centers that the bank is dominated largely by the people who can make it successful through giving it large deposits?

Mr. MURRAY. I do not know as to that.

Mr. UNTERMYER. And aiding it in that way.

Mr. MURRAY. I do not know as to that.

Mr. UNTERMYER. Do you know what the situation is in that respect as to New York?

Mr. MURRAY. No, sir.

Mr. UNTERMYER. You are not familiar with it?

Mr. MURRAY. I have never read the stockholding list of any bank in the city of New York nor in any other city.

Mr. UNTERMYER. You know, do you not, that the stock voting list is not always a criterion of the stock ownership.

Mr. MURRAY. The law requires a list of stockholders to be filed in my office, and it is filed as a matter of fact, and never examined by me.

Mr. UNTERMYER. I am going beyond the mere list, and I am inquiring for your knowledge of financial affairs as affecting national banks, based on your experience. Now, judged by that standard, do you or not know whether great banking institutions and their

affairs are dominated by the men who contribute to their success, through their great influence and their ability to direct large deposits, rather than through their stockholders?

Mr. MURRAY. I have no information on that.

Mr. UNTERMYER. Your department has not furnished the committee with any facilities for ascertaining who are the large borrowers in the great banks in reserve cities—borrowers of over $1,000,000—has it?

Mr. MURRAY. It has not; no, sir.

Mr. UNTERMYER. The request has been made, has it not?

Mr. MURRAY. The request has been made.

Mr. UNTERMYER. What action has been taken on it?

Mr. MURRAY. I have ascertained that there are 13 banks in the system which can make a loan of a million dollars or more—that is, 10 per cent of their capital and surplus; but I am not authorized by either the Secretary or the President to furnish the committee with that information, and until I am so authorized I would not furnish it.

Mr. UNTERMYER. You see the embarrassment in which that places the committee in the performance of its functions, do you not?

Mr. MURRAY. No, sir.

Mr. UNTERMYER. You realize no embarrassment?

Mr. MURRAY. I do not.

Mr. UNTERMYER. Let us assume that all of those 13 banks, being the greatest banks in the country, are lending their funds to a small group of men, who are using them to control great financial operations, don't you see how that would be important for this committee to know?

Mr. MURRAY. I see how it might be important; but you asked me if I saw how the committee was being embarrassed, and I said I did not. That is a different question.

Mr. UNTERMYER. But don't you see how that embarrasses the committee in the performance of the function upon which it is to report?

Mr. MURRAY. No; I do not; because, if you will pardon me, you can get the information by summoning the officers of those 13 banks here.

Mr. UNTERMYER. Don't you understand that they take the same position that you do?

Mr. MURRAY. I do not know what position they take.

Mr. UNTERMYER. You take the position, do you not, that the power of visitation is lodged exclusively in the Comptroller of the Currency?

Mr. MURRAY. I have not taken any position in the matter. I am acting under the direction of the President and Secretary.

Mr. UNTERMYER. Acting under that direction, which I understand to be correct, you take that position?

Mr. MURRAY. I will furnish the information if I am directed to, and will not, of course, furnish it if I am not directed to.

Mr. UNTERMYER. You understand that I am not implying that in those 13 banks that situation exists; I am simply putting that suppositious case. You understand me in that respect, do you not?

Mr. MURRAY. I had drawn no inference from your question at all.

Mr. UNTERMYER. If the power of visitation over national banks rests exclusively in the Comptroller of the Currency it follows, does

it not, that the Comptroller of the Currency is the only official of the Government who is not subject to the investigation by Congress?

Mr. MURRAY. I believe everybody is subject to investigation by Congress.

Mr. UNTERMYER. You understand I do not mean this question offensively at all, but how would it be possible for Congress, or either House of Congress, to determine whether the Comptroller of the Currency was performing his duty with respect to national banks if Congress could not find out what he was doing with respect to the national banks and what loans he was permitting, and what use he was permitting to be made of the banks?

Mr. MURRAY. I have never heard the question even debated that Congress could not make any investigation of any executive department or any officer it saw fit.

Mr. UNTERMYER. If Congress undertook to find out what the Comptroller of the Currency was doing with respect to allowing the banks to be used, it could not get the information as to those loans, could it?

Mr. MURRAY. Oh, I think so.

Mr. UNTERMYER. Then, why do you not give it to us now?

Mr. MURRAY. That is a question for you to ask the Attorney General and not me. He has rendered an opinion on that subject, I believe.

Mr. UNTERMYER. But you do not know why?

Mr. MURRAY. I do not know why. I have not read his opinion.

Mr. UNTERMYER. You only know the fact that we can not get the information?

Mr. MURRAY. No. I do not know the fact that you can not get the information.

Mr. UNTERMYER. We can not get it from you?

Mr. MURRAY. You can not get it from me unless I am directed to give it to you.

Mr. UNTERMYER. Yes, I understand. How many banks are there that have the right to loan $500,000 and over in the great reserve cities?

Mr. MURRAY. Well, I do not know. That would be a capital and surplus combined of $5,000,000. I would have to make a list. My estimate offhand would be under 50, possibly between 40 and 50. I do not carry in mind all the banks that have a combined capital and surplus of that amount.

Mr. UNTERMYER. You understand our inquiry would relate to any single transaction or series of transactions of $1,000,000, even though divided up into two or three loans in different names, but for the same interest; that would take in 40 or 50 banks, would it not?

Mr. MURRAY. You are speaking of the banks that can loan a million?

Mr. UNTERMYER. Yes.

Mr. MURRAY. We made up a list of the banks that could make a loan of a million to any one person, firm, or corporation, and I think that totals about 13.

Mr. UNTERMYER. Suppose the million were loaned to three different parties of the same firm, but in their individual names; that would be a loan of $333,000 each?

Mr. MURRAY. Yes.

Mr. UNTERMYER. That would take in about 100 banks in the United States?

Mr. MURRAY. I could not say offhand.

Mr. UNTERMYER. You know that when banks have failed, that has been frequently found to be the condition?

Mr. MURRAY. Oh, yes, indeed.

Mr. UNTERMYER. That they divided the loans up into different names, but for the same interest?

Mr. MURRAY. Much to our sorrow; yes, sir; and much more so, to the sorrow of the depositors.

Mr. UNTERMYER. Does your department regard itself as charged with any duty with respect to the personnel of the directors of a bank?

Mr. MURRAY. No, sir.

Mr. UNTERMYER. None whatever?

Mr. MURRAY. Except that they are men of good repute in the community. We try to find that out.

Mr. UNTERMYER. You do not regard yourselves as under any duty to report on the absence of competitive conditions between pretended or potential competitors in the city, do you?

Mr. MURRAY. No, sir.

Mr. UNTERMYER. You are familiar with this subject of identity of directors in potentially competing banks, are you not?

Mr. MURRAY. I do know that directors in national banks are sometimes directors in more banks than one.

Mr. UNTERMYER. In the same locality?

Mr. MURRAY. In the same locality.

Mr. UNTERMYER. And in competing banks?

Mr. MURRAY. Well, in different banks; but whether they compete or not, I do not know.

Mr. UNTERMYER. In potentially competing banks?

Mr. MURRAY. In potentially competing banks.

Mr. UNTERMYER. You know that is a very common occurrence?

Mr. MURRAY. No; it is not common.

Mr. UNTERMYER. Is it not common in New York City?

Mr. MURRAY. There are some who are——.

Mr. UNTERMYER. Have you ever seen a list of the interlocking directors of New York City banks?

Mr. MURRAY. I have never examined it. We have a list of directors of all national banks on file, but I have never made a study of them or a comparison of them.

Mr. UNTERMYER. Have you taken up this subject of the attachment of so-called security companies and national banks?

Mr. MURRAY. No, sir; except that I have a list of them in my office.

Mr. UNTERMYER. I think you furnished such a list to me, did you not?

Mr. MURRAY. Mr. Quinn tells me that it was furnished to you in December. I did not know that we had given it to you before.

Mr. UNTERMYER. That is a list of the banks with arrangements similar to those of the National City Bank to the First National Bank?

Mr. MURRAY. Yes.

Mr. UNTERMYER. And it is confined to national banks with a capital of upward of $1,000,000?

Mr. MURRAY. Yes.

Mr. UNTERMYER. I would like that list to go into the record.

The list referred to was thereupon marked Exhibit No. 193, January 8, 1913, and is as follows:

EXHIBIT No. 193, JANUARY 8, 1913.

A list of the national banks that have in connection with them a State bank or security company, similar to the arrangement between the First National Bank and the First Security Co., and between the City National Bank and the City Security Co., and in which the shares of the State bank or security company are only salable or purchasable with the shares of the national banks, this list being confined to national banks with a capital of upwards of $1,000,000. This list is as nearly correct as can be made from the records of the office, there being no provision in law requiring banks to render reports to this office covering this point.

	Capital.
First National Bank of New York	$10,000,000
National City Bank of New York	25,000,000
First National Bank of Chicago, Ill	10,000,000
Continental and Commercial National Bank of Chicago, Ill	21,500,000
First National Bank of Milwaukee, Wis	3,000,000
North Western National Bank of Minneapolis, Minn	3,000,000
First National Bank of San Francisco, Cal	3,000,000
Mercantile National Bank of San Francisco, Cal	2,000,000
First National Bank of Los Angeles, Cal	1,500,000
Grand Rapids National City Bank, Grand Rapids, Mich	1,000,000
Iowa National Bank, Des Moines, Iowa	1,000,000
Nixon National Bank, Reno, Nev	1,000,000

Mr. UNTERMYER. It is a very common occurrence, is it not, for national banks to have organized as an adjunct to the bank, one of these so-called security companies?

Mr. MURRAY. No, sir; it is not common at all.

Mr. UNTERMYER. You said there are 200 of them, did you not?

Mr. MURRAY. No; I said there are several hundred that had affiliations, but the affiliations are of different characters. Some of them are through the identity of stockholders, some through the identity of directors, some in the identity of officers, and different forms of affiliations. I have a complete list of all concerns that are affiliated in any way—in the ways that I have stated and in others, which I do not think of now—in my office.

Mr. UNTERMYER. How many of them are so tied together that a person can not be a stockholder of the national bank without being a stockholder owning the same proportion in the security company, and can not buy or sell stock in one without buying or selling the same proportion of stock in the other?

Mr. MURRAY. I do not know, officially, but I do carry in mind half a dozen of such institutions. I should say 10 or 12 in the United States, that I think of; maybe more.

Mr. UNTERMYER. There are that many that you have in mind at the moment?

Mr. MURRAY. Yes.

Mr. UNTERMYER. What is the purpose of these security companies organized in that way, with the same boards of directors, the same stockholders and the agreements so that the stock must be bought or sold together?

Mr. MURRAY. The Security companies are corporations of the different States with which I have nothing to do and about which I can give you no particular information. They are not under my jurisdiction in any way, shape, or form, and I am unable to give you any official information about them, as to what they do, what their character empowers them to do, or what their securities are, or how they are managed.

Mr. UNTERMYER. Is it not a fact that among the important things they do is to borrow from the banks with which they are affiliated?

Mr. MURRAY. I do not know from whom they ever borrow a dollar, or whether or not they ever do borrow a dollar.

Mr. UNTERMYER. You do not know as to that, one way or the other?

Mr. MURRAY. I do not.

Mr. UNTERMYER. Do you know whether it is the province of those security companies to speculate in securities and borrow the money with which to do it through the banks with which they are affiliated?

Mr. MURRAY. I do not know what they do.

Mr. UNTERMYER. But when you find a loan in one of these national banks—if you find one from one of the security companies—does not the examiner investigate as to the relations of the company?

Mr. MURRAY. He passes on whether the loan is good or not. If the loan is bad, he orders it out of the bank. If it is good, he passes it.

Mr. UNTERMYER. In order to pass on whether the loan is good or not, he must examine into the security company, must he not?

Mr. MURRAY. He might not have to do that. He might check it up on the collateral.

Mr. UNTERMYER. But suppose it is a loan without collateral?

Mr. MURRAY. I do not know what he would do then. He would either know the borrower or would find out about him.

Mr. UNTERMYER. Would you consider it proper to pass loans of that character, made by a national bank to a corporation having the identical stockholders, the identical officers, the identical directors, tied together in that way with the bank?

Mr. MURRAY. Certainly; if it was a good loan.

Mr. UNTERMYER. It is like a man borrowing from himself, is it not?

Mr. MURRAY. I do not know about that; but you asked me about the loan.

Mr. UNTERMYER. Is it not the same thing?

Mr. MURRAY. No.

Mr. UNTERMYER. Why not? It is the identity of ownership, the identity of interest, the identity of management. Is not that the same thing as a man borrowing from himself?

Mr. MURRAY. These security companies are corporations organized under the laws of the different States.

Mr. UNTERMYER. Yes.

Mr. MURRAY. They are organized in accordance with a statute of that State. They are officered and directed by men who are elected by the stockholders of those concerns. They are entirely distinct, absolutely, from the national bank. The national bank, as such, as a corporation, is not interested as a corporation, in them at all. The

line of cleavage is clear and distinct. It is not a national-bank matter, so far as the comptroller is concerned, at all.

Mr. UNTERMYER. Then you would justify this, would you?

Mr. MURRAY. I am not justifying it or criticizing it, but I am stating what I understand to be a fact.

Mr. UNTERMYER. Would you justify such a loan?

Mr. MURRAY. I am not justifying and not criticizing. I do not care to criticize a State corporation in any way, shape, or form. I do not think it is within my province.

Mr. UNTERMYER. We are not discussing a State corporation, and it has nothing to do with a State corporation. We are discussing the following proposition, and my inquiry is addressed to that: As a bank examiner you find in a national bank a loan to a security company?

Mr. MURRAY. Exactly.

Mr. UNTERMYER. Do you not consider yourself under any duty to inquire as to that borrower, just as if it was an individual?

Mr. MURRAY. Every note in a national bank comes under the scrutiny of the examiner.

Mr. UNTERMYER. Do you not consider yourself under a duty to investigate as to that borrower?

Mr. MURRAY. Every borrower is investigated.

Mr. UNTERMYER. Then that borrower is included, is he not?

Mr. MURRAY. Yes; that borrower is included.

Mr. UNTERMYER. If you find that a borrower is composed of the same stockholders as the bank, owned in the same proportion, with the same officers, with the same directors, and the same interests, do you not think you have something to do with the question of that State institution?

Mr. MURRAY. I have nothing to do with any State institution.

Mr. UNTERMYER. Do you not think you have something to do with the question of determining the relation of the national bank to that State institution?

Mr. MURRAY. I have the duty of determining if that loan is good. If that loan is good, the bank examiner can not criticize it, unless he criticizes it dishonestly and unfairly. If it is bad, it is his duty to report it as bad; and if there is a loss on it, it is my duty to order that loan written off. Further than that I have no jurisdiction, nor has the bank examiner.

Mr. UNTERMYER. Let us see about that.

Mr. MURRAY. That is, as I understand my duty.

Mr. UNTERMYER. Suppose you went into a national bank with nine directors, and you found that each one of the nine directors was borrowing half a million dollars from the bank.

Mr. MURRAY. Yes.

Mr. UNTERMYER. And they were all good men, but together they were taking about half of the resources of the bank.

Mr. MURRAY. Yes.

Mr. UNTERMYER. You would object to that, would you not?

Mr. MURRAY. Why? How could I?

Mr. UNTERMYER. I say, would you?

Mr. MURRAY. I am asking, first, How could I object to it?

Mr. UNTERMYER. Would you not object to those loans being carried in the bank?

Mr. MURRAY. I certainly would not, if they were made within the statutory limit of 10 per cent of the capital and surplus and the loans were made to an individual. If they were legal loans, I certainly think that would be an exercise of my power in a dishonest way, if I objected to a legal loan that was good.

Mr. UNTERMYER. You have a discretion, have you not?

Mr. MURRAY. I have no discretion.

Mr. UNTERMYER. So that if you found that the directors of a national bank were within the legal limit, together borrowing 75 per cent of all the resources of the bank, would you not think you would have any power to object to it?

Mr. MURRAY. The law states what a man may borrow.

Mr. UNTERMYER. You would have no power to object if they were within the legal limit?

Mr. MURRAY. And the loan was good?

Mr. UNTERMYER. And the loan was good.

Mr. MURRAY. No, sir; not under the banking act as it is now; not the slightest.

Mr. UNTERMYER. You do not think that is a very healthful condition, do you?

Mr. MURRAY. That is another question.

Mr. UNTERMYER. That is the reason I put it. If it were the same question, I should not put it again.

Mr. MURRAY. I do not believe in the concentration of loans, either in individuals or corporations. I believe in the widest distribution of loans.

Mr. UNTERMYER. The situation I have just suggested to you is: Is that a healthful condition?

Mr. MURRAY. It might be a healthful condition for the bank. The loans might be absolutely good, and probably would be.

Mr. UNTERMYER. And even if they were good, do you think it is a healthful condition that would permit the directors around the board to borrow 75 per cent of the deposits of the bank?

Mr. MURRAY. The question as to what is a healthful condition is a pretty broad term.

Mr. UNTERMYER. Do you think it is a condition that should be permitted to continue under the law?

Mr. MURRAY. The law of any country that I have ever read about, as to its bank act, has not attempted to say how widely the loans of the bank should be distributed.

Mr. UNTERMYER. Do you not think you might answer my question instead of putting another proposition, Mr. Murray?

Mr. MURRAY. I can not answer your question intelligently. I can not give an answer that would throw any light on the subject.

Mr. UNTERMYER. In your judgment, as the head of this department—and I am asking your opinion as to the existing conditions—can you not tell us whether the law should be amended so as to prevent the directors from borrowing, say, 75 per cent of all the resources of the bank?

Mr. MURRAY. Now, I will answer that question. If I were managing a bank myself—and I am speaking now of myself as an individual—I would distribute my loans as widely as I could. I do not think I would concentrate them in any such fashion as you have described; but the loans under the proposition you have put to me are

legal loans, under the present banking act, and I could not object to them as comptroller.

Mr. UNTERMYER. But I am asking your opinion as to the possibility of changing that law.

Mr. MURRAY. I would not care to express any opinion on that.

Mr. UNTERMYER. Is not that a part of your duty as comptroller to express your views to Congress as to the advisability of changes in the laws affecting national banks?

Mr. MURRAY. Under the statute, in my annual report; yes.

Mr. UNTERMYER. Can you not give us the benefit of your views on that subject?

Mr. MURRAY. I do not care to express any opinion on the question you put to me, because I have not any definite information on the subject.

Mr. UNTERMYER. But you have an opinion, have you not, as to the wisdom of allowing the directors of a corporation to borrow the bulk of its assets?

Mr. MURRAY. They do it, sometimes, to the detriment of the bank.

Mr. UNTERMYER. Do you not think that should be stopped by law?

Mr. MURRAY. I am not prepared to express an opinion as to whether a director's power to borrow should be entirely wiped out, or whether it should be limited. That is a pretty big question.

Mr. UNTERMYER. You are not even prepared to express an opinion as to whether there should be any limit upon their power?

Mr. MURRAY. I am. I think they should be limited within reasonable bounds.

Mr. UNTERMEYER. Within what bounds, other than the existing limit, that no one person shall have over 10 per cent of the capital and surplus of the bank?

Mr. MURRY. Yes; but that does not prevent the corporation's control by a man who dominates the board of directors and their all borrowing the same amount; and if one goes down, they all go down, and your bank is ruined.

Mr. UNTERMEYER. That is one of the vices of the present system, is it not?

Mr. MURRAY. I think so.

Mr. UNTERMYER. And you think it should be corrected, do you not?

Mr. MURRAY. I do. In fact, I have directed the bank examiners this year, when they find any undue concentration of loans in a bank which imperils its solvency to demand one of three things: First, that the books of those corporations where the loans are concentrated be opened to them so that they can see whether the loans are good or bad——

Mr. UNTERMYER. That would apply to a security company, such as I have been speaking of.

Mr. MURRAY. Or, secondly, that the officers give them a sworn statement of the business of the corporations where the loans are concentrated; or, third, that a copy of the independent audit be furnished to the bank examiner.

In other words, if there is a concentration of loans in a national bank that imperils its solvency, I have directed the examiners to make a demand for information as to whether or not those loans were good.

Mr. UNTERMYER. You could not tell whether it would imperil the solvency of the bank until you did make the examination of those corporations, could you?

Mr. MURRAY. Yes; you could tell whether or not the loans were bad or good.

Mr. UNTERMYER. If they were bad?

Mr. MURRAY (continuing). As to whether they were good or bad, you could tell without this information.

Mr. UNTERMYER. Those instructions on your part would apply to one of these security companies loaning through its affiliated banks, would it not?

Mr. MURRAY. If the loans, if bad, were so scattered that they would wipe out the capital and surplus or even embarrass the capital, that would apply just the same.

Mr. UNTERMYER. In the course of your investigations into national banks, have you ascertained the extent to which, if any, they become syndicate underwriters?

Mr. MURRAY. That is not a question which our examiners inquire into, nor are they required to do so.

Mr. UNTERMYER. Let us see about that. Suppose a bank has taken a syndicate participation and has had to take its participation, it goes among its assets, does it not?

Mr. MURRAY. Certainly.

Mr. UNTERMYER. That comes within the purview of your examiner, does it not?

Mr. MURRAY. Yes; they pass on all the securities held in the bank.

Mr. UNTERMYER. When a bank is a syndicate participant in a great many syndicates and has to take the securities, that becomes a substantial part of its property, does it not?

Mr. MURRAY. I do not know that it becomes a substantial part. It may be a very small part.

Mr. UNTERMYER. Have you any opinion as to the wisdom of allowing national banks to become syndicate promoters and syndicate underwriters and syndicate participants in financial enterprises?

Mr. MURRAY. They have a right, under the statute, to invest in bonds, and if they subscribe to a syndicate underwriting and agree to take so many bonds of an issue they are within the statute in so doing.

Mr. UNTERMYER. You know they are unrestricted in going into these syndicate promotions?

Mr. MURRAY. There is no law prohibiting them from doing so.

Mr. UNTERMYER. Do you consider that wise?

Mr. MURRAY. I have never seen any evil effects coming from it, so far as I know.

Mr. UNTERMYER. Have you not known banks to go down from being overloaded with syndicate commitments that they had taken?

Mr. MURRAY. I do not recall any.

Mr. UNTERMYER. Do you not know that the Morse banks went down overloaded with these syndicate participations?

Mr. MURRAY. The Morse banks failed before I was comptroller.

Mr. UNTERMYER. They failed in 1907?

Mr. MURRAY. Yes, sir.

Mr. UNTERMYER. Has there been any big national-bank failure in New York since you came into office?

Mr. MURRAY. None, sir.

Mr. UNTERMYER. Are you familiar with the failures in New York following the 1907 panic?

Mr. MURRAY. Only in a very casual way.

Mr. UNTERMYER. Do you know whether there was any of them that did not come to grief through participation in syndicate underwriting?

Mr. MURRAY. I do not know.

Mr. UNTERMYER. Do you know anything about the Knickerbocker Trust Co. situation?

Mr. MURRAY. No, sir.

Mr. UNTERMYER. Have you any opinion, then, as to the wisdom of forbidding national banks from syndicate promotions or underwritings?

Mr. MURRAY. No.

Mr. UNTERMYER. You have no opinion on that subject?

Mr. MURRAY. No. I have not given it any attention.

Mr. UNTERMYER. You have given it no attention?

Mr. MURRAY. No.

Mr. UNTERMYER. Do you not know that it is a very important part of the business of the great banks?

Mr. MURRAY. I think they do a considerable business of that kind, but how much I do not know.

Mr. UNTERMYER. Do you know whether or not they buy or underwrite large blocks of securities and then go into the business of selling them or attempting to sell them?

Mr. MURRAY. I know of some banks who maintain a bond department.

Mr. UNTERMYER. You know of some banks that maintain a regular bond department for the sale of bonds that they have bought in large blocks?

Mr. MURRAY. I presume so; or they might have bought them in small blocks.

Mr. UNTERMYER. In your judgment, is it the province of a national bank to keep its assets liquid or invested?

Mr. MURRAY. A bank has many provinces.

Mr. UNTERMYER. Its principal province is the accommodation of merchants and those who seek to borrow money on short time, is it not?

Mr. MURRAY. I think that was the intent of Congress fairly inferred from the national-bank act, in which they refused the power in national banks to invest in real estate. I think the tendency was to make them purely commercial banks.

Mr. UNTERMYER. You know that 25 per cent of the deposits have to be actually liquid and kept put aside as a reserve, do you not?

Mr. MURRAY. No; I do not know that.

Mr. UNTERMYER. I mean in the reserve cities.

Mr. MURRAY. Yes.

Mr. UNTERMYER. I mean in the large reserve cities.

Mr. MURRAY. Oh, yes.

Mr. UNTERMYER. That has to be kept unimpaired.

Mr. MURRAY. That has to be kept in actual cash.

Mr. UNTERMYER. It cannot be invested at all?

Mr. MURRAY. It cannot be invested at all. It is locked in the vaults.

Mr. UNTERMYER. As to the remaining 75 per cent of its assets, you understand that they are supposed to be there subject to borrowing, for the purposes of the commercial and financial community.

Mr. MURRAY. They are there subject to be loaned out as the officers and directors see fit to loan them out. There is no law on the subject as to how they shall invest that.

Mr. UNTERMYER. Let us take, as an illustration, the First National Bank of New York. Do you know what proportion of its depositors' money is actually invested in bonds and stocks not subject to loan to its customers at all?

Mr. MURRAY. I could figure that out by adding up their investments and subtracting it from the total amount of loanable funds.

Mr. UNTERMYER. Have you got that data here?

Mr. MURRAY. I have a list of their securities.

Mr. UNTERMYER. What is the total value of their investment securities?

Mr. MURRAY. I have not footed it.

Mr. UNTERMYER. I am using that particular instance simply by way of convenience and for illustration, and not as pointing to that one bank, you understand.

Mr. MURRAY. Yes.

Mr. UNTERMYER. Do you know whether or not, deducting its required cash reserve, 75 or 80 per cent of its total deposits are invested in bonds and stocks, and therefore not loanable at all?

Mr. MURRAY. I know a bank where every dollar it has got is invested in bonds. It has not got a note in bank. It is not in New York, however.

Mr. UNTERMYER. You mean it has no loanable potentiality at all?

Mr. MURRAY. Not a dollar loaned. Every dollar is invested in securities.

Mr. UNTERMYER. And that is a national bank?

Mr. MURRAY. That is a national bank.

Mr. UNTERMYER. You mean it has all its depositors' money invested?

Mr. MURRAY. It has all its depositors' money invested in bonds.

Mr. UNTERMYER. And you make no complaint of that condition?

Mr. MURRAY. No; how can I? And it is one of the richest banks in the country, too.

Mr. UNTERMYER. What good does it do in the community as a bank?

Mr. MURRAY. Well, as to the good that a national bank may do in a community, that is not in the province of the comptroller to determine.

Mr. UNTERMYER. What purpose does it serve the community as a bank if all of its deposits are actually invested in bonds, and none of them are subject to loan?

Mr. MURRAY. That would probably be a question for complaint by the merchants of the community; not for me.

Mr. UNTERMYER. You do not think you have any province there at all?

Mr. MURRAY. I know I have not. I do not think anything about it.

Mr. UNTERMYER. You know the situation in other countries in that respect, do you?

Mr. MURRAY. No, sir.

Mr. UNTERMYER. Do you know the proportion that they are allowed to have actually invested and the proportion that must remain liquid?

Mr. MURRAY. No, sir; I have read the different systems of banks in the different countries, but I do not recall the exact percentage.

Mr. UNTERMYER. I do not mean exactly the proportion that must be kept liquid in those countries, but the proportion that is, in practical operation, kept liquid.

Mr. MURRAY. You use the word "liquid" there. May I suggest this as to that word "liquid": The assets of the bank, where all of its deposits are invested in securities, are more liquid than any other. I presume there is no more liquid bank in the world as that bank can turn those bonds and securities into actual cash in two hours.

Mr. UNTERMYER. But it does not do it?

Mr. MURRAY. But you are speaking of liquidity.

Mr. UNTERMYER. Yes.

Mr. MURRAY. And considering a national bank in normal times, with its securities of a high grade, probably the most liquid thing in the bank is the securities.

Mr. UNTERMYER. Do you not think that a bank should be in such a situation as to meet abnormal times rather than normal?

Mr. MURRAY. We have never devised such a system in this country that we have been able to meet abnormal times. I suppose that is what the Congress will try very shortly to do; to get a banking bill that will meet abnormal times. In normal times there is not much difficulty.

Mr. UNTERMYER. A currency system that still would permit the practices under the operations of the national banking law would not meet that situation, would it?

Mr. MURRAY. The present banking law has not met the situation.

Mr. UNTERMYER. It has not?

Mr. MURRAY. It has not.

Mr. UNTERMYER. I asked you, before recess, concerning your knowledge as to the securities of national banks that are written off from time to time and disappear from the assets, as to where they go and what is done with them. I think you said you did not know, did you not?

Mr. MURRAY. No, sir; I did not say that I did not know.

Mr. UNTERMYER. Where do they go?

Mr. MURRAY. Different banks handle written-off assets in different ways. Sometimes they open an account "charged-off assets," and, as they recover—as they sometimes do—they credit the salvage from the charged-off assets up to profit and loss. I believe they usually carry these charged-off assets under an account called a "suspense account." As they release them they credit them up, and if they do not release them——

Mr. UNTERMYER. They credit them to the suspense account. They do not credit them to the surplus?

Mr. MURRAY. They would, ultimately, have to go to the surplus account, the undivided-profits account, if they came back on the books of the bank at all.

Mr. UNTERMYER. Is it not a fact that they do not come back, but remain in a separate account?

Mr. MURRAY. I do not know that to be a fact.

Mr. UNTERMYER. I think we were discussing the case of Alvord some years ago, who absconded with about $700,000 of the First National Bank money. You remember that did not affect the surplus of the bank at all?

Mr. MURRAY. I do not believe the surplus account was changed. I was not in office then.

Mr. UNTERMYER. There was some source somewhere, not among the known assets of the bank, from which that could be charged off without affecting the showing of the bank, was there not?

Mr. MURRAY. Evidently.

Mr. UNTERMYER. That is the account in these banks that I was inquiring about, as to how they were kept.

Mr. MURRAY. Well, I can not tell you that, Mr. Untermyer. I might elaborate just a little.

Mr. UNTERMYER. Yes; if you will.

Mr. MURRAY. Some of the banks, when they buy bonds at a premium, write off all the premium at once and carry them at par.

Mr. UNTERMYER. And take a loss on them?

Mr. MURRAY. No; they charge down the premium account, so that all bonds appear on their books as at par, although their market value may be 110,115, and so on. They charge all the premium off at once.

Mr. UNTERMYER. Then they put them on their books at a loss, do they not?

Mr. MURRAY. That is the effect of it.

Mr. UNTERMYER. Yes; that is the effect of it.

Mr. MURRAY. If they sell those securities, then, of course, they have a profit on them.

Mr. UNTERMYER. Where does that go?

Mr. MURRAY. That goes to the profit-and-loss account, I suppose.

Mr. UNTERMYER. Where do they charge off the loss?

Mr. MURRAY. They charge that to the surplus account as the bonds come in; as the securities are taken in and entered on the books.

Mr. UNTERMYER. I do not see that that affects the particular account we are discussing.

Mr. MURRAY. No.

Mr. UNTEMYER. That is an entirely different transaction?

Mr. MURRAY. Yes.

Mr. UNTERMYER. Is there anything you wanted to say as to the account we were discussing?

Mr. MURRAY. Nothing; I know nothing about that.

Mr. UNTERMYER. Are you familiar with the affairs of the Riggs Bank here in Washington?

Mr. MURRAY. I have looked over their reports, as I look over the reports of every bank in the country.

Mr. UNTERMYER. Do you know the extent of identity of directors between the Riggs Bank and the National City Bank of New York?

Mr. MURRAY. I think there is an identity of one or two, but I do not know the names, unless it is Mr. Vanderlip.

Mr. UNTERMYER. There are three, are there not?

Mr. MURRAY. I do not recall.

Mr. UNTERMYER. Do you know whether the National City Security Co. owns a part of the Riggs Bank?

Mr. MURRAY. No, sir; I do not know. I do not know anything about the ownership.

Mr. UNTERMYER. You do not know the co-relation between those two institutions?

Mr. MURRAY. I have no information on that; no, sir.

Mr. UNTERMYER. I would like to ask you a few questions, Mr. Murray, with respect to the reality of the reserves of the banks that are not in the reserve cities. Am I correct in saying that the required reserve is 15 per cent?

Mr. MURRAY. In the country banks; yes, sir.

Mr. UNTERMYER. That is 15 per cent of the deposits; and of that 15 per cent, two-fifths must be kept in the vault of the bank and three-fifths may be kept in reserve cities? Is that right?

Mr. MURRAY. Yes, sir.

Mr. UNTERMYER. So that 6 per cent of the deposits must be kept in cash in the vaults, and 9 per cent may be kept in reserve cities?

Mr. MURRAY. That is right.

Mr. UNTERMYER. These banks in reserve cities that are supposed to have 9 per cent of the total deposits of the country banks are allowed to loan three-quarters of that out again, are they not?

Mr. MURRAY. Yes, sir.

Mr. UNTERMYER. So that, of the 9 per cent, 7 per cent they are permitten ti loan, and it is not a reserve at all; it is not a real cash available reserve, is it?

Mr. MURRAY. Well, it is money which they hold for the other bank, which they have loaned out

Mr. UNTERMYER. Which they have loaned, and the country bank might just as well loan it itself?

Mr. MURRAY. It might not have loaned it as wisely, but it might loan it.

Mr. UNTERMYER. For all practical purposes, they might as well loan it themselves?

Mr. MURRAY. Yes.

Mr. UNTERMYER. Is not the fact, then, Mr. Murray, that that is not a 15 per cent cash reserve at all, but it is about an 8 per cent cash reserve; is not that true?

Mr. MURRAY. Oh, it is not a cash reserve, unquestionably.

Mr. UNTERMYER. Have you familiarized yourself at all with the currents of money back and forth in the country between New York and the rest of the country?

Mr. MURRAY. Many charts of the seasonal variations of money have been prepared. I think we have prepared some in our office.

Mr. UNTERMYER. Have you studied the causes and effects bearing on that situation?

Mr. MURRAY. In a general way, I know why money flows back and forth, possibly.

Mr. UNTERMYER. What attracts money to New York from the banks throughout the country?

Mr. MURRAY. Two per cent on daily balances, I think.

Mr. UNTERMYER. That is not all, is it?

Mr. MURRAY. That is one reason. Another reason is the great commercial transactions between the country and the cities. The banks have to have money in New York to meet their needs there. They also keep balances in New York so that their collections may be

made by the banks where they keep their balances. A great deal of money is carried in different cities and in banks in order that the banks may carry on their business; a good deal of money in New York, I think, flows there when money is idle in the country, because of the interest paid on the balances, possibly.

Mr. UNTERMYER. There is a great deal of money that comes from the country banks to New York, is there not, that does not go in the accounts of the New York banks, but goes directly to be loaned for the account of the country bank?

Mr. MURRAY. I think a great deal of that is done. I do not know how much?

Mr. UNTERMYER. The proof shows that on November 1 34 banks in New York had four hundred odd million dollars of such money loaned on stock-exchange collateral.

Mr. MURRAY. That they did not take up in their deposit account at all?

Mr. UNTERMYER. Independent of what was in their deposit account.

Mr. MURRAY. And loaned it as agents of the country banks?

Mr. UNTERMYER. Yes. Is it not a fact that that money is attracted to New York simply by reason of the fact that New York City is the only money market of the country where money is bid for on the stock exchange?

Mr. MURRAY. I would not want to say why it goes there, because I do not know the motives of the banks in the country sending their balances there.

Mr. UNTERMYER. Does it not go there because it is attracted by the rate that is being bid for it?

Mr. MURRAY. I presume if the banks of the country could get as good a rate at home and as good security they would loan it at home.

Mr. UNTERMYER. Have you considered the question of cumulative voting, as applied to the control of national banks?

Mr. MURRAY. Cumulative voting is prohibited by the banking act.

Mr. UNTERMYER. Yes. Well, do you think it ought to be?

Mr. MURRAY. I have never given it any particular consideration.

Mr. UNTERMYER. Suppose you think of it now. You know the purpose of cumulative voting, do you not? It is to give minority representation?

Mr. MURRAY. Yes, sir; I suppose so.

Mr. UNTERMYER. Do you not think that minority representation should be accorded in national banks?

Mr. MURRAY. I think they ought to have just the same protection as majority holders.

Mr. UNTERMYER. Then you mean that you think minority representation should be provided?

Mr. MURRAY. I certainly do.

Mr. UNTERMYER. In that respect, do you not think that the law should be changed so as to permit cumulative voting?

Mr. MURRAY. If cumulative voting would give the minority stockholders an equal voice, according to their holdings in the bank, with anybody else, I would be for any system that would give that.

Mr. UNTERMYER. That is what it does, Mr. Murray.

Mr. MURRAY. Then I should be for it.

Mr. UNTERMYER. Cumulative voting would operate about as follows: If there are seven directors in a bank to be elected, each one-seventh of the stock would elect one director. Would you favor such a system?

Mr. MURRAY. I certainly would favor any system that would give a minority holder, no matter how small he is, the fullest protection and a voice in the management of the bank through the proper director elected by him or by other minority holders.

Mr. UNTERMYER. Are you aware that there are partnerships that do the business of private banks, take deposits and pay them against check, in the same way that national banks do?

Mr. MURRAY. I have not any information on that subject; no, sir.

Mr. UNTERMYER. Did you not know that J. P. Morgan & Co. was one of such private banks?

Mr. MURRAY. Well, I suspected it, but I did not know it until I read his testimony the other day.

Mr. UNTERMYER. Did you know that they had on November 1 $163,000,000 of deposits as a private bank?

Mr. MURRAY. I did not know whether they had a dollar or not.

Mr. UNTERMYER. I think that is all, Mr. Murray, unless there is something you would like to say.

Mr. MURRAY. Nothing except to thank you very much for your courtesy.

The CHAIRMAN. We are much obliged to you, Mr. Murray. The committee will be at recess until to-morrow at 11 o'clock, when the taking of testimony will be resumed.

Whereupon, at 3.20 p. m., the committee adjourned until to-morrow morning, Thurslay, January 9, 1913, at 11 o'clock a. m.

MONEY TRUST INVESTIGATION

INVESTIGATION

OF

FINANCIAL AND MONETARY CONDITIONS IN THE UNITED STATES

UNDER

HOUSE RESOLUTIONS NOS. 429 AND 504

BEFORE A

HOUSE

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY

PART 20

WASHINGTON
GOVERNMENT PRINTING OFFICE
1913

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY.

HOUSE OF REPRESENTATIVES.

ARSÈNE P. PUJO, Louisiana, *Chairman.*

WILLIAM G. BROWN, West Virginia.	GEORGE A. NEELEY, Kansas.
ROBERT L. DOUGHTON, North Carolina.	HENRY McMORRAN, Michigan.
HUBERT D. STEPHENS, Mississippi.	EVERIS A. HAYES, California.
JAMES A. DAUGHERTY, Missouri.	FRANK E. GUERNSEY, Maine.
JAMES F. BYRNES, South Carolina.	WILLIAM H. HEALD, Delaware.

R. W. FONTENOT, *Clerk.*
A. M. McDERMOTT, *Assistant Clerk*

MONEY TRUST INVESTIGATION.

SUBCOMMITTEE OF THE
COMMITTEE ON BANKING AND CURRENCY,
HOUSE OF REPRESENTATIVES,
Washington, D. C., Thursday, January 9, 1913.

The subcommittee met at 11 o'clock a. m.

Present: Messrs. Pujo (chairman), Daugherty, Byrnes, Neeley, Hayes, Guernsey, and Heald.

Present also: Samuel Untermyer, Esq., of New York City, counsel for the committee, and G. Carroll Todd, Esq., assistant counsel for the committee.

The CHAIRMAN. The committee will come to order, and we will resume the taking of testimony.

TESTIMONY OF MR. GEORGE F. BAKER.

The witness was sworn by the chairman.

Mr. UNTERMYER. Where do you reside, Mr. Baker?

Mr. BAKER. New York City.

Mr. UNTERMYER. What is your occupation?

Mr. BAKER. Banker.

Mr. UNTERMYER. Are you chairman of the board of directors of the First National Bank of New York?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Is there an executive committee of the bank?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Are you chairman of the executive committee?

Mr. BAKER. Practically.

Mr. UNTERMYER. Were you formerly the president of that bank?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. When did you become president?

Mr. BAKER. I think, in 1874; about that time.

Mr. UNTERMYER. What was, at that time, the capital of the bank?

Mr. BAKER. $500,000.

Mr. UNTERMYER. Where was the bank located at that time?

Mr. BAKER. 92 Broadway, or 90.

Mr. UNTERMYER. And it is now located where? At the same place?

Mr. BAKER. At the corner of Broadway and Wall Street.

Mr. UNTERMYER. At the time you became president of the bank, what was its surplus?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. Have you the figures there?

Mr. BAKER. I have not. [Addressing Mr. George F. Baker, jr.:] Have you got them?

Mr. GEORGE F. BAKER, Jr. I can tell you in a moment.

Mr. UNTERMYER. Will you please furnish them for Mr. Baker?

Mr. GEORGE F. BAKER, Jr. They have been furnished, Mr. Untermyer.

Mr. UNTERMYER. You have furnished the committee, have you not, with a statement of the capital and net profits, dividends, surplus, and profits?

Mr. BAKER. I understood that the officers had.

Mr. UNTERMYER. Are these the statements that were furnished?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. We will offer those in evidence.

The papers referred to were thereupon marked "Exhibit No. 194, January 9, 1913," and will be found at the end of this day's proceedings.

Mr. BAKER. May I tell you the surplus from that paper? It must be right there.

Mr. UNTERMYER. Yes. It appears that the surplus was then $521,128.

Mr. BAKER. It must be more than that.

Mr. UNTERMYER. That was the total surplus and profits in 1874, according to this statement.

Mr. GEORGE F. BAKER, Jr. One moment, Mr. Untermyer. I think that is the net profits for that year. I will tell you in a moment.

Mr. UNTERMYER. No; the surplus at that time was $500,000, and the surplus and undivided net profits together were $521,128.

Mr. BAKER. 1874, that was?

Mr. UNTERMYER. Yes.

Mr. BAKER. Right after the panic? Well, I suppose that is nearly right.

Mr. UNTERMYER. They were not any more before the panic, were they?

Mr. BAKER. Not much of any.

Mr. UNTERMYER. They were less, were they not?

Mr. BAKER. I suppose so.

Mr. UNTERMYER. And they increased during the panic and after the panic, did they not?

Mr. BAKER. I do not remember. I should not think they would increase much during the panic.

Mr. UNTERMYER. In 1873 the surplus was $350,000 and the surplus and undivided profits together were $361,886. The next year the surplus and profits had increased to $521,128? Is that right?

Mr. BAKER. Yes, sir; that is correct.

Mr. UNTERMYER. So that the panic did not bother you much, did it?

Mr. BAKER. I guess if you had been there you would have thought so.

Mr. UNTERMYER. When was the capital increased? 1901, was it not?

Mr. BAKER. 1901.

Mr. UNTERMYER. It was increased from $500,000 to how much?

Mr. BAKER. $10,000,000.

Mr. UNTERMYER. And was that increase brought about by a dividend?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. How much of a dividend was paid on the $500,000?

Mr. BAKER. Enough to pay $10,000,000.

Mr. UNTERMYER. That is, there was a dividend of $9,500,000? Is that right?

Mr. BAKER. No; I do not think it is.

Mr. GEORGE F. BAKER, Jr. The figures are here.

Mr. BAKER. That is correct; yes, sir.

Mr. UNTERMYER. That is, a dividend of 1,950 per cent, is it not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. After paying that dividend out of the surplus of the bank, was there any surplus left?

Mr. BAKER. I think there were $3,415,000. In 1902, you mean. I am not very familiar with these details, Mr. Untermyer. I have gotten out of the way of it.

Mr. UNTERMYER. Do you not think, Mr. Baker, that that $3,415,000 was the profits of that year? If you will turn to the other sheet you will see. Please state from the other sheet how much surplus was left after the dividend of $9,500,000 on the $500,000. There was a surplus of $11,641,124, was there not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. That was equivalent to about 2,100 per cent additional on the original capital?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. From the time this capital was increased from $500,000 to $10,000,000, have you any statement showing the percentages of dividends that were paid upon the increases of capital of $10,000,000, year by year.

Mr. BAKER. It shows in this paper the amount of dividends which we divided. The next year it was $2,000,000, which would be 20 per cent, and the next year the same.

Mr. UNTERMYER. That is, in 1904 it was 20 per cent, was it not?

Mr. BAKER. In 1902 it was 20 per cent, and 1903 and 1904, too.

Mr. UNTERMYER. And in 1905?

Mr. BAKER. There were $625,000 more.

Mr. UNTERMYER. That was 21¼ per cent, and an extra dividend of 5 per cent?

Mr. BAKER. I think so.

Mr. UNTERMYER. And in 1906?

Mr. BAKER. It was the same.

Mr. UNTERMYER. Twenty-six and three-fourths per cent, is it not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. In 1907 how much was it, in per cent?

Mr. BAKER. That was 32 per cent.

Mr. UNTERMYER. In 1908 what was the dividend declared on this $10,000,000 of capital? It was 132 per cent, was it not?

Mr. BAKER. One hundred and twenty-six per cent.

Mr. UNTERMYER. Was it not 132 per cent?

Mr. BAKER. No; it was 126 per cent, I think.

Mr. UNTERMYER. In 1909 how much was it?

Mr. BAKER. It was 28.

Mr. UNTERMYER. And in 1910?

Mr. BAKER. It was 28.

Mr. UNTERMYER. And in 1911?
Mr. BAKER. It was 38.
Mr. UNTERMYER. Have you declared your dividend for 1912 yet?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. How much was it?
Mr. BAKER. It was 33 per cent.
Mr. UNTERMYER. Excluding 1905, the total dividends of the last four years were 226 per cent, were they not, equal to $22,600,000 in dividends?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. At the time of this declaration of this extra dividend of 100 per cent in 1908, in addition to the 32 per cent, was there a security company formed?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. That 100 per cent, or $10,000,000, was declared, was it not, for the purpose of permitting it to be used in the organization of the First Security Co.?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. Have you here the papers connected with the organization of that company?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. Will you please produce them?
Mr. FISHER A. BAKER. What do you wish—the agreement that was made with the stockholders beforehand or the certificate of incorporation?
Mr. UNTERMYER. We want all the papers—the agreement with the stockholders, the circular that was sent out by the First National Bank, and the certificate of incorporation.
Mr. FISHER A. BAKER. That is the agreement with the stockholders and the certificate of incorporation [handing papers to Mr. Untermyer]. Those are the only papers.
Mr. UNTERMYER. There was a circular issued, was there not?
Mr. FISHER A. BAKER. No; there was none at all. You are mistaken about that; that is, I have no remembrance of it.
Mr. UNTERMYER. Will you please look at the paper I show you now and tell me whether or not that is a correct copy of a statement or circular that was issued to your stockholders at the time of the organization of the security company? Attached to it you will find the form of indorsement.
Mr. BAKER. That is undoubtedly true. I do not remember it, but there is no doubt about it.
Mr. UNTERMYER. There is no doubt that circular was issued by the bank to its stockholders, inviting them to subscribe to this security stock?
Mr. BAKER. Yes, sir; that is right.
Mr. UNTERMYER. I will have marked in evidence the agreement that has been produced between George F. Baker, Harris C. Fahnstock, Francis L. Hine, Henry P. Davison, George F. Baker, jr., and Charles D. Backus, parties of the first part, and J. Pierpont Morgan and others, designated as the stockholders, parties of the second part.

The paper referred to was marked "Exhibit No. 195," and will be found at the end of to-day's record.

Mr. UNTERMYER. I also will have marked as an exhibit the certificate of incorporation of the First Security Co.

The paper referred to was marked "Exhibit No. 196," and will be found at the end of to-day's record.

Mr. UNTERMYER. The circulars and indorsement which the witness has identified, I will read to the committee, this being a circular from the First National Bank addressed to its stockholders:

[Verbatim copy of circular letter issued by George F. Baker to stockholders of First National Bank, Feb. 14, 1908.]

DEAR SIR: It is deemed to be for the interests of stockholders of this bank that a security company, such as has proved advantageous in the case of several other banks, should be organized for the purpose in part of transacting for its patrons lines of profitable business, which, though often transacted by bankers, are not expressly included within the corporate powers of national banks. Among these are the acquiring and holding of real estate, stocks, and other property.

To this end it is desired to secure the assent in writing of our stockholders to a plan of organizing a security company under the name of the First Security Co., with a paid-up capital of $10,000,000, the stock to be issued to and held by six trustees, who shall be the president, vice presidents, and the cashier of the bank. These trustees shall exercise the powers of the ownership of the stock, shall elect the same board of directors as that of the bank, shall collect all dividends and pay the same over to the bank for immediate distribution to its shareholders, who have assented to this plan.

Upon receiving the assent of the stockholders the bank purposes to make a special dividend of 100 per cent ($10,000,000) to be received by the trustees, and to be applied to the payment of the capital stock of the Security Co., which stock shall be held by the trustees for the benefit of the shareholders of the bank assenting to this plan.

Upon each certificate of every assenting stockholder of the bank there shall be the indorsement that appears on the following page.

The formal agreement for incorporation, assent, etc., has been carefully prepared by our counsel, and has been approved by our directors, who have and recommend your assent thereto.

Your proportionate share of the bank's assets will be in no wise changed.

Kindly sign and return promptly the inclosed power or call at the bank and sign the agreement.

[Verbatim copy of indorsement referred to in the letter.]

The registered holder of the within certificate is entitled, for and in respect of each and every share of stock of the First National Bank of the City of New York represented thereby, to share equally and ratably with all other holders of stock certificates of the bank similarly indorsed, according to their several interests, in the dividends and profits, and, in case of dissolution, in the distribution of the capital of the First Security Co., a corporation of the State of New York organized in pursuance of a certain written agreement dated February 14, 1908, between George F. Baker and others, trustees, and J. Pierpont Morgan and others, stockholders; such interests of the owner of the within certificate, and of all other like certificates, similarly indorsed, being subject to all the terms, conditions, and limitations of said agreement, such ratable interest to be sold and transferred ratably only by the transfer upon the books of the bank of one or more of the shares of the stock in the bank represented by a bank stock certificate bearing this indorsement, and all of the interest in and to or in respect of said Security Co. or its capital stock, represented by a bank stock certificate bearing this indorsement shall pass ratably with, and only with, the transfer of such shares of the bank represented by such bank stock certificate, and upon transfer thereof upon the books of the bank; and an interest in the security company attached to any share of the bank shall be alienable only in connection with such transfer of such bank stock.

No holder of the within certificate or any transferee of any share thereby represented shall be entitled in lieu thereof to demand or receive from the bank a new certificate except with this indorsement thereon; and a transfer of any

share of bank stock represented by the within bank stock certificate shall be made by any holder thereof only to a transferee accepting therefor a new certificate bearing this indorsement.

No right to vote upon or in respect of any stock of the security company passes to or shall be exercised by the holder of the within certificate, such voting right being reserved to and by the trustees or their successors.

The trustees at this time were George F. Baker, H. C. Fahnestock, F. L. Hine, Henry P. Davison, George F. Baker, jr., and Charles D. Buckus.

The bank in its statement issued in response to the comptroller's call of February 14, 1903, reported bonds, securities, etc., to the amount of $60,696,651; deposits, $113,632,559.

From the above it is plain that the First National Bank of New York and First Security Co. are absolutely one concern, a big speculative outfit using the bank's capital, hiding the assets in the security company's treasury on which "No reports are ever made."

Mr. UNTERMYER. The agreement and certificate of incorporation, Mr. Chairman, are rather lengthy and I will not read them at this time.

The CHAIRMAN. Those will be incorporated in the record.

Mr. UNTERMYER. Mr. Baker, what was the purpose of organizing the security company?

Mr. BAKER. Exactly as stated there in that circular.

Mr. UNTERMYER. How do you state the purpose?

Mr. BAKER. For doing business that was not specially authorized by the banking act. We held some securities that in the early days were considered perfectly proper, but under some later decisions of the courts the holding of bank stock or other stock was prohibited; at any rate, the comptroller prohibited it.

Mr. UNTERMYER. Was this company formed for the purpose of enabling you and your associates to deal more freely in stock?

Mr. BAKER. In any of the securities. If you came there and wanted a loan on your property of $1,000 and put it up as collateral, under the national banking act we have no right to do it. To-day in the security company we can make this loan.

Mr. UNTERMYER. Was it to enable your associates to deal in stocks, to buy and sell stocks freely?

Mr. BAKER. We never did that, and never have since.

Mr. UNTERMYER. The security company does not buy and sell stock?

Mr. BAKER. I did not say not any; but not freely. I do not think, since its organization, our purchases of stock have averaged 100 shares a day.

Mr. UNTERMYER. What were its dealings? What was the character of its business?

Mr. BAKER. Simply to hold the investments we had, principally.

Mr. UNTERMYER. Did the First National Bank at that time have stocks of other banks?

Mr. BAKER. Yes, sir; I think so.

Mr. UNTERMYER. What stocks of other banks were turned over by it at that time to the security company? Did you turn over any at that time?

Mr. BAKER. As I told you, I thought so, but we did not have any; I was mistaken.

Mr. UNTERMYER. Did the First National Bank own part of the stock of the Chase Bank at that time?

Mr. BAKER. No, sir.

Mr. UNTERMYER. How was the Chase Bank stock held?

Mr. BAKER. I think I held it individually, what we held at that time.

Mr. UNTERMYER. We are speaking now of 1908.

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. How much Chase Bank stock did you hold at that time?

Mr. BAKER. I do not remember. Probably half of the amount.

Mr. UNTERMYER. We would like to know as to that, whether it was more than half, and how much more than half.

Mr. BAKER. I could not tell how much more, but I will say it was a little more than half.

Mr. UNTERMYER. It was a clear control of the bank?

Mr. BAKER. It was a majority; yes, sir.

Mr. UNTERMYER. Was that stock held by you for the First National Bank in its interest and for its account?

Mr. BAKER. In its interest.

Mr. UNTERMYER. Had it been acquired out of the assets of the First National Bank?

Mr. BAKER. No, sir.

Mr. UNTERMYER. How had it been acquired?

Mr. BAKER. I had acquired it myself.

Mr. UNTERMYER. Had it not been paid for out of the bank's property?

Mr. BAKER. No, sir.

Mr. UNTERMYER. When was it acquired?

Mr. BAKER. I could not tell from memory. It went over a considerable period of time.

Mr. UNTERMYER. It was never carried among the First National Bank property as an asset?

Mr. BAKER. I think not.

Mr. UNTERMYER. Was there any paper or document of any kind showing it belonged to the First National Bank?

Mr. BAKER. No, sir.

Mr. UNTERMYER. It was just a matter of your word, was it?

Mr. BAKER. Yes, sir. I do not know that I ever expressed a word.

Mr. UNTERMYER. Can you not give us the date of the acquisition of that stock?

Mr. BAKER. It was not at one time. It was all in different periods; acquired as I could get possession of it.

Mr. UNTERMYER. You mean you accumulated it from time to time?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Have you no data and no book or record that will show how and when it was accumulated?

Mr. BAKER. I do not believe I have.

Mr. UNTERMYER. Can you tell us when you secured for the First National Bank a clear control of the stock of the Chase Bank?

Mr. BAKER. No, sir; some years ago, I will state.

Mr. UNTERMYER. That is, the control has been held in the interest of the First National Bank for many years, has it?

Mr. BAKER. Several years; yes, sir.

Mr. UNTERMYER. Is there no way in which you can tell us more definitely when that control was acquired, or in what year?

Mr. BAKER. I presume if I searched the books I could tell, but I can not from recollection.

Mr. UNTERMYER. Has it been held in the interest of the bank for 20 years?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Or for 10 years?

Mr. BAKER. No, sir. If you ask me if it was five years, I should just say I think so.

Mr. UNTERMYER. You think it is somewhere around five or six or seven years?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. That it has been so held?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. How long have you had any interest, or how long has the First National Bank had any interest, in the Chase Bank?

Mr. BAKER. Twice as long as that.

Mr. UNTERMYER. That is, you began buying——

Mr. SPOONER. He has testified the bank did not have any interest.

Mr. BAKER. Did you ask if the bank had an interest?

Mr. UNTERMYER. Yes.

Mr. BAKER. I told you before that the bank had not. It was me personally.

Mr. UNTERMYER. I understood you to say that this bank stock of the Chase Bank was held for the account of the First National Bank.

Mr. BAKER. No; I do not think so.

Mr. UNTERMYER. You never did?

Mr. BAKER. No, sir.

Mr. UNTERMYER. It never belonged to the bank?

Mr. BAKER. No, sir.

Mr. UNTERMYER. It was never considered a part of the bank's assets or property?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Was it sold for the account of the bank? When you sold it did you sell it for the account of the bank?

Mr. BAKER. I do not understand. It was not sold.

Mr. UNTERMYER. I want to know whether any part of this stock of the Chase Bank was paid for out of the First National Bank assets.

Mr. BAKER. No, sir.

Mr. UNTERMYER. At no time?

Mr. BAKER. No, sir.

Mr. UNTERMYER. It was all held in your individual name, was it?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Did the First National Bank keep any book in which it put assets that did not appear in its surplus or undivided profits?

Mr. BAKER. No, sir; never while I had anything to do with it.

Mr. UNTERMYER. It had no account where it placed assets that are charged off?

Mr. BAKER. Our suspended debt account.

Mr. UNTERMYER. That is an account that appears on the books of the bank, is it not?

Mr. BAKER. Yes, sir.
Mr. UNTERMYER. A suspense account?
Mr. BAKER. It is one of the regular books of the bank; yes, sir.
Mr. UNTERMYER. That is a book or account in which you enter assets to be charged off, and, if they come in, you credit them?
Mr. BAKER. Yes, sir; credit them.
Mr. UNTERMYER. Is that right?
Mr. BAKER. That is correct.
Mr. UNTERMYER. How long a time have you held the clear control of the Chase Bank?
Mr. BAKER. I should guess for five or six years.
Mr. UNTERMYER. And your entire interest in it—that is, from the time you became interested in it—is within 10 years?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. Am I right about that—that your interest in the Chase Bank began about 10 years ago?
Mr. BAKER. About that time; yes, sir.
Mr. UNTERMYER. Approximately?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. What interest did you acquire then?
Mr. BAKER. I do not remember.
Mr. UNTERMYER. Tell us approximately.
Mr. BAKER. I could not.
Mr. UNTERMYER. How many purchases did you make of the stock?
Mr. BAKER. Oh, a good many.
Mr. UNTERMYER. Did the First National Bank, directly or indirectly, hold stock of any other banks?
Mr. BAKER. May I ask that question of my son here?
Mr. UNTERMYER. No; if you do not know, say so.
Mr. BAKER. I do not know. I do not remember that they did.
Mr. UNTERMYER. You do not remember whether the First National Bank ever acquired interests in other banks, either directly or through you or others, for the bank?
Mr. BAKER. You mean since then?
Mr. UNTERMYER. No; at any time.
Mr. BAKER. Well, the First National Bank never did; no, sir.
Mr. UNTERMYER. Were they acquired for the account of the First National Bank?
Mr. BAKER. They were in the interest of the First National Bank.
Mr. UNTERMYER. In what sense do you mean in the interest of the First National Bank?
Mr. BAKER. That I bought them myself.
Mr. UNTERMYER. You paid for them, and with the idea that the stockholders of the First National Bank should get the benefit of them?
Mr. BAKER. Indirectly they got a benefit from them; and when they organized the security company they were turned over to that company.
Mr. UNTERMYER. Those stocks of banks that you acquired were turned over to the security company, were they not?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. Did that include the Chase stock?
Mr. BAKER. Yes, sir.

Mr. UNTERMYER. What stocks of banks were turned over to the security company? Have you a list of them?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Please produce it.

Mr. BAKER. I would like to say there, if you will allow me, Mr. Untermyer, that that is rather our own personal matter. There are no stocks of any bank or other stocks of ours that pertain to this inquiry you are making, except the Chase National Bank stock, in which we have a majority of the shares. The rest of them were small amounts. I would not like to publish the names of them. We are very glad to have you personally look at them, with our counsel, if you want to see if there is anything there you want.

Mr. UNTERMYER. If you have no objection, the committee would like to look at them, and if there is nothing that appears very material we shall not care to publish the names. If the committee decides there is anything there that should be published or about which you should be asked, then you will have the opportunity of declining to answer, if you choose to do so.

Mr. BAKER. There is nothing. I shall be glad to do that. I do not care to make a public record of our private affairs.

Mr. UNTERMYER. The committee has no disposition to make a public record of anything that does not seem material to the inquiry.

Mr. BAKER. It is short, and you can run over it in your mind in two minutes and see if there is anything you want to ask.

The witness here produced a paper and handed it to counsel for the committee.

Mr. UNTERMYER. Mr. Baker, there are only two or three of the bank stocks referred to on the list concerning which the committee will want the record to show the situation, and these are the three [indicating].

Mr. BAKER. All right, sir; anything you really want I shall be very glad to give you, but make those as few as you can, please.

Mr. UNTERMYER. I will read into the record from the statement the bank holdings that were turned over to the First Security Co., the following: What is "H. B."—"Minneapolis First H. B."?

Mr. BAKER. I guess that is N. B.

Mr. UNTERMYER. Oh; Minneapolis First National Bank, 500 shares; Minneapolis Trust Co., 200 shares; Astor Trust Co., 200 shares; Bankers' Trust Co., 2,500 shares; Brooklyn Trust Co., 50 shares; Chase National Bank, 28,632 shares; Liberty National Bank, [illegible] shares; National Bank of Commerce, 5,400 shares; New York [illegible], 250 shares.

What was the market value of the Bankers' Trust Co. stock?

Mr. BAKER. Now or then? It varies.

Mr. UNTERMYER. At the time in 1908 when it was turned over to [illegible]?

Mr. BAKER. Oh, I do not think that amount was turned over at [illegible].

Mr. UNTERMYER. Well, its market value to-day is about how much, [illegible] shares is it?

Mr. BAKER. I think not as high as that. I have not kept a record, [illegible] suppose it was that high.

Mr. UNTERMYER. About how much?

Mr. BAKER. About 550.
Mr. UNTERMYER. About 550 a share?
Mr. BAKER. Yes.
Mr. UNTERMYER. At the time these stocks were turned over to the security company, including the Chase stock, were you paid for the Chase stock by the security company and for the other stocks that were turned over?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. At what time was the Chase stock turned over to the security company?
Mr. BAKER. I do not remember.
Mr. UNTERMYER. That was quite a transaction, Mr. Baker, was it not?
Mr. BAKER. I could not tell you now.
Mr. UNTERMYER. You could not give us approximately the figures?
Mr. BAKER. No. It was not, however, the present quotation.
Mr. UNTERMYER. But you can not tell us——
Mr. BAKER. No; those figures are not correct, either.
Mr. UNTERMYER. What was the total capital of the Chase National Bank—$5,000,000?
Mr. BAKER. I think it was $1,000,000 at that time.
Mr. UNTERMYER. There were 28,000 shares turned over.
Mr. BAKER. Because they increased their capital five times.
Mr. UNTERMYER. You mean they increased their capital at the time the stock was turned over?
Mr. BAKER. From $1,000,000 to $5,000,000.
Mr. UNTERMYER. At the time you turned over these 28,632 shares of stock in the Chase Bank to the security company what was the capital?
Mr. BAKER. It was not 28,000 shares at that time. The capital was $1,000,000. It was less than one-fifth of that.
Mr. UNTERMYER. But what you held represented a control?
Mr. BAKER. Yes.
Mr. UNTERMYER. Do you remember when the capital stock of the Chase Bank was increased?
Mr. BAKER. Within five years; four or five years. I do not remember exactly.
Mr. UNTERMYER. Well, the security company was formed about four and a half years ago, was it not, in 1908, some time?
Mr. BAKER. Yes.
Mr. UNTERMYER. How long after the security company was formed was the capital of the Chase Bank increased from $1,000,000 to $5,000,000?
Mr. BAKER. May I ask my son?
Mr. UNTERMYER. Yes.
Mr. GEORGE F. BAKER, Jr. The Chase Bank increased its capital in 1906, so it must have all been turned over.
Mr. BAKER. I was mistaken. I turned that stock over as it stands. In 1906 the Chase Bank capital was increased.
Mr. UNTERMYER. The capital of the Chase Bank was $5,000,000 at that time?
Mr. BAKER. Yes, sir; I was mistaken.
Mr. UNTERMYER. Previous to that it had been increased out of surplus from $1,000,000 to $5,000,000, had it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Were there any securities turned over by you to the First Security Co. other than the bank stocks?

Mr. BAKER. Yes.

Mr. UNTERMYER. Were these railroad securities turned over by you?

Mr. BAKER. Yes, sir; perhaps not the exact amounts that are there stated, but——

Mr. UNTERMYER. But in substance?

Mr. BAKER. Yes.

Mr. UNTERMYER. The surplus of the First National Bank is now about $20,000,000?

Mr. BAKER. Oh, did you ask me if they were turned over by me myself?

Mr. UNTERMYER. Yes.

Mr. BAKER. No, sir. We bought those from the First National Bank.

Mr. UNTERMYER. They were turned over by the First National Bank, were they?

Mr. BAKER. Yes.

Mr. UNTERMYER. Had the First National Bank then been carrying railroad and other stocks?

Mr. BAKER. Yes.

Mr. UNTERMYER. Had any complaint been made by the department at Washington about their carrying stocks?

Mr. BAKER. Yes, sir; and for that reason we organized the security company and turned them over, to comply with the regulations. We had been in business for half a century there, and we never have had any complaint from the department of anything that they thought ought to be run differently that we have not rectified.

Mr. UNTERMYER. The security company itself has been the subject of complaint, has it not?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Did you not know that the Attorney General had rendered an opinion as to its legality in connection with the bank?

Mr. BAKER. Oh, I saw something about it in the papers, but they never complained to us.

Mr. UNTERMYER. You only saw it in the papers?

Mr. BAKER. Yes.

Mr. UNTERMYER. Did you not have counsel present the subject to the Attorney General?

Mr. BAKER. We did not, did we? I never heard of it; no sir.

Mr. UNTERMYER. Did you not know that the question had been presented in briefs of counsel?

Mr. BAKER. Not in regard to our company.

Mr. UNTERMYER. But in regard to another company formed in the same way?

Mr. BAKER. Yes, sir; that is just what I saw in the newspapers.

Mr. UNTERMYER. And you knew that the National City Bank had the same arrangement, did you?

Mr. BAKER. Practically. I do not know just what their arrangement was. I never saw one of their certificates.

Mr. UNTERMYER. This security company is identical in its directorate with the bank, is it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. The same directors?

Mr. BAKER. Yes.

Mr. UNTERMYER. The same officers?

Mr. BAKER. Some.

Mr. UNTERMYER. Do the stockholders of the security company have any vote?

Mr. BAKER. No. They put their stock in the hands of the trustees.

Mr. UNTERMYER. There is a voting trust, is there?

Mr. BAKER. I do not know whether you call it a voting trust or not. You might. The trustees exercise that power.

Mr. UNTERMYER. It is a perpetual voting trust, is it not?

Mr. BAKER. No; I think they can only make one for five years.

Mr. UNTERMYER. But this one has been made perpetual, has it not?

Mr. BAKER. What?

Mr. UNTERMYER. This one has been made without limit of time?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. Who are the voting trustees on the First Security stock?

Mr. BAKER. The officers of the bank and the officers of the company.

Mr. UNTERMYER. Whoever happened to be the then officers of the bank?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. They are the voting trustees on that security stock?

Mr. BAKER. Yes.

Mr. UNTERMYER. Then the purpose of organizing the security company was to do things that the bank could not lawfully do? Was that it?

Mr. BAKER. Yes, sir. To do things that they were not specially authorized to do.

If you will let me explain right here?

Mr. UNTERMYER. Certainly, if you would like to do so. Proceed.

Mr. BAKER. The question about the legality or lawfulness of a bank's holding stock was a question that only came up for consideration in that way of later years.

The national banks were authorized—and it was one of Secretary Chase's bright thoughts—for the purpose of dealing in bonds. That is what the First National Bank was authorized for, and was the object of the national bank act, to deal in bonds and to buy bonds that they would hold, of the Government, in the time of the war there; also, which was a very shrewd thing, to make them keep a reserve and keep it in legal tender, and out of the hands of the public. It was not thought to be out of the way to be buying stocks, because I know that the Secretary himself personally urged people when the First National Bank was chartered in New York—there being no large national bank there and we being about the most active and only having $200,000 capital—and he personally suggested to other banks, and it was the intention of a great many of the banks, to buy stock and own it in the First National Bank and keep their accounts there, and try to make a large bank of it, to be

owned by the country banks largely. The purchase of bank stocks or any other stocks for years and years was never questioned by the comptroller.

Mr. UNTERMYER. Until when?

Mr. BAKER. Until probably 10 years ago.

Mr. UNTERMYER. And for how many years did you continue to carry stocks in the First National Bank after the right to do so was questioned?

Mr. BAKER. Probably for five or six years, I should think; but after we were told that we absolutely must not do it, we stopped it.

Mr. UNTERMYER. Do you regard the organization of this security company in the way in which it is organized, considering its form of organization, identity of stock ownership and control, as a mere evasion of the banking act?

Mr. BAKER. Oh, no, sir.

Mr. UNTERMYER. You do not?

Mr. BAKER. No, sir; not at all.

Mr. UNTERMYER. You know that you can not sell a share of the security company without a share of the bank going with it, do you not?

Mr. BAKER. Oh, yes, sir.

Mr. UNTERMYER. You know you can not buy a share of one without the other?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And, as a matter of fact, the identity and proportion of ownership in each is the same, is it not?

Mr. BAKER. Yes. I will tell you a point on that——

Mr. UNTERMYER. And the management is the same?

Mr. BAKER. Absolutely; yes, sir.

Mr. UNTERMYER. The bank can lend the security company money, can it not?

Mr. BAKER. Oh, certainly.

Mr. UNTERMYER. And the security company is a depositor with the bank is it not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Is there any further explanation you wanted to make in that connection?

Mr. BAKER. Yes; just a little word. Let me say this: When we talked of this thing first, as to the reason it is connected so closely with the bank, the natural impulse, if we wanted to do it for ourselves, would have been to have it owned by a small coterie of 8 or 10 people, like the First National Bank itself was. We thought of first starting the security company that way, and doing business through it. That has always been a fairly profitable part of our business.

Mr. UNTERMYER. What has been a fairly profitable part of your business?

Mr. BAKER. The owning of securities that pay good rates of interest a great deal better rates of interest than bonds would.

Mr. UNTERMYER. You mean, the purchase and sale of stocks?

Mr. BAKER. Yes. Principally the holding. We never purchased and sold much. We never bought and sold many stocks.

Mr. UNTERMYER. Has not the security company been buying and selling stocks?

Mr. BAKER. As I have stated, we have not averaged 100 shares a day since we started. They figured it up the other day, as a matter of curiosity.

Mr. UNTERMYER. What business does it do?

Mr. BAKER. Not much of anying, except——

Mr. UNTERMYER (interposing). What is its surplus?

Mr. BAKER. I think it is about $4,000,000.

Mr. UNTERMYER. What dividends does it pay?

Mr. BAKER. It pays 12 per cent, and 5 per cent extra last year.

Mr. UNTERMYER. And, in addition to paying from 12 to 17 per cent a year, in the four years of its existence it has accumulated 40 per cent, has it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. It must do some business, then, must it not, Mr. Baker?

Mr. BAKER. I did not say that it did not do any business. It does some business. Its liquidating value is larger than its surplus; and if it sells some securities that we have had for a long time, they may give a profit, and that goes into the profit and loss account.

Mr. UNTERMYER. I suppose, in estimating your surplus, you figured your securities conservatively, did you not?

Mr. BAKER. No, sir; that surplus stands exactly as it is in the cash on the books.

Mr. UNTERMYER. But I say, in figuring your assets so as to reach this surplus, have you taken your securities very conservatively?

Mr. BAKER. We do not reach our surplus on that day.

Mr. UNTERMYER. But when do you figure it?

Mr. BAKER. We figure it conservatively; yes.

Mr. UNTERMYER. You do reach a surplus by valuing your securities?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You could not reach it in any other way, could you?

Mr. BAKER. Yes.

Mr. UNTERMYER. You have to find out what your assets are and what your capital is, in order to reach your surplus, do you not?

Mr. BAKER. Yes; but our surplus stands at the book value of the amount in cash profits that we have realized.

Mr. UNTERMYER. I see. Then, in fixing your assets, you have kept these securities at the original book value?

Mr. BAKER. Mostly. Sometimes we have carried up a little money.

Mr. UNTERMYER. As a rule, you have kept them at the original cost?

Mr. BAKER. Pretty nearly.

Mr. UNTERMYER. And you have not taken the benefit of any increase in value?

Mr. BAKER. Not in many instances.

Mr. UNTERMYER. They have increased in value, have they not?

Mr. BAKER. Yes, sir; some of them.

Mr. UNTERMYER. Very largely, have they not?

Mr. BAKER. Some of them have and some of them have not.

Mr. UNTERMYER. But, on the whole, there has been a very large increase?

Mr. BAKER. Yes; quite an increase.

Mr. UNTERMYER. For instance, in your Standard Oil stock there has been a very heavy increase, has there not?

Mr. BAKER. No, sir; that stands just the same.

Mr. UNTERMYER. The Tide Water Oil Co.'s stock is 34,000 shares. Has there not been an increase in that?

Mr. BAKER. There is no market for that.

Mr. UNTERMYER. But there has been an increase in the quoted price, has there not?

Mr. BAKER. I do not think you see any quoted prices on that.

Mr. UNTERMYER. On Tide Water stock?

Mr. BAKER. No, sir; I never saw one.

Mr. FISHER A. BAKER. Mr. Untermyer, the witness was going on to say why he formed a corporation with all the stockholders instead of the few, and he was interrupted at that time.

Mr. BAKER. Yes. May I continue that? I would like to make that clear to you.

Mr. UNTERMYER. If you would like to explain further concerning this security company and why it was to take in all the stockholders of the bank instead of taking in only the larger ones, you may go on and do so, please.

Mr. FISHER A. BAKER. Only because he started on that.

The CHAIRMAN. I will just state, so that it will be understood, that the ruling of the committee has been that any witness has a right to confer with assistants or with his counsel, but we respectfully request that there shall be no interjections in the hearings.

Mr. FISHER A. BAKER. This was simply because the witness was going on with an explanation and Mr. Untermyer called his attention to something else and he did not complete his explanation.

The CHAIRMAN. I merely wish to state the ruling of the committee in that regard. The witness may continue.

Mr. BAKER. If we were looking to the personal advantage of those more nearly connected with the bank, we would have organized a company like the First National Bank used to be, of 8 or 10 individuals. As it was, we concluded that every shareholder in the First National Bank should have an interest in it if he chose. For that reason we organized it as it was, and the man that held one share of stock had just as much interest, proportionately, as any other person or the largest stockholder.

I want to say, too, that the officers of the First National Bank have given their services without charge through the whole thing; we never made any charge.

Mr. UNTERMYER. It is practically one concern, is it not?

Mr. BAKER. It is absolutely the same ownership; yes, sir.

Mr. UNTERMYER. Do you not know, Mr. Baker, that you could not have turned over the assets of the bank to the security company for the benefit of seven or eight of the large stockholders without offering a participation to the others?

Mr. BAKER. Yes. We would simply have sold that at auction, and [illegible] people would have bought them in.

Mr. UNTERMYER. You think that? You think you could have sold [illegible] at auction and had the insiders buy them in? Is that your [illegible]

Mr. BAKER. At auction; or even on the stock exchange. I presume that would have been proper.

Mr. UNTERMYER. This was a means, then, of really carrying on the same business as you had been carrying on before without coming in contact with the law?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. That was the purpose of it?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. How much of the First National Bank stock do you own, Mr. Baker?

Mr. BAKER. Now?

Mr. UNTERMYER. Yes.

Mr. BAKER. Twenty thousand shares.

Mr. UNTERMYER. And you have owned that, or that proportion, for many years, have you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. And your son owns some also?

Mr. BAKER. My son owns something over 5,000 shares.

Mr. UNTERMYER. Who is the next largest stockholder?

Mr. BAKER. Mr. Morgan.

Mr. UNTERMYER. How much stock does Mr. Morgan own? He owns 14,500 shares, does he not?

Mr. BAKER. Somewhere about that; about 15,000 shares.

Mr. UNTERMYER. And Mr. Davison, his partner, owns some of the stock, does he not?

Mr. BAKER. Yes, sir; he was our vice president.

Mr. UNTERMYER. About how much does he own?

Mr. BAKER. I think he owns over a thousand shares.

Mr. UNTERMYER. And Mr. Lamont, also of Morgan & Co., owns some, does he not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Mr. Davison was formerly vice president of the First National Bank, was he not?

Mr. BAKER. Yes; and Mr. Lamont also.

Mr. UNTERMYER. Mr. Lamont succeeded Mr. Davison as vice president, did he not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Then both of them became partners of J. P. Morgan & Co.?

Mr. BAKER. Yes; at different times.

Mr. UNTERMYER. When Mr. Davison left, Mr. Lamont took his place as vice president with you, did he not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Then, between yourself and your son and Messrs. Morgan & Co., you own, together, about how much of the stock?

Mr. BAKER. Something over 40,000 shares.

Mr. UNTERMYER. Over 40,000 shares, out of how much?

Mr. BAKER. Out of 100,000.

Mr. UNTERMYER. Is there a large part of the stock of the bank owned by estates of former associates of yours?

Mr. BAKER. No; only one lot of about 10,000 shares.

Mr. UNTERMYER. Is that the Fahnestock interest?

Mr. BAKER. The Garland interest. Mr. Fahnestock is still living.

Mr. UNTERMYER. And does Mrs. Thompson own large blocks of stock?

Mr. BAKER. Yes. I would not call that an estate, however, would you?

Mr. UNTERMYER. Did not that come from her husband?

Mr. BAKER. She inherited it from her husband. She owns it absolutely clear, herself.

Mr. UNTERMYER. And the Fahnestock interest comes from Mr. Fahnestock, who was formerly in the bank?

Mr. BAKER. He is still living, and still a director in the bank, and still owns his stock.

Mr. UNTERMYER. Do you vote this stock of Mrs. Thompson and the other people who formerly were connected with the bank?

Mr. BAKER. Me, personally?

Mr. UNTERMYER. Yes.

Mr. BAKER. No. The law prohibits any officer of the bank from doing it.

Mr. UNTERMYER. It is voted by proxy?

Mr. BAKER. Yes.

Mr. UNTERMYER. Who is your proxy?

Mr. BAKER. This year it is Mr. Hepburn, Mr. Boden, and Mr. William Fahnestock. I think it was the same last year.

Mr. UNTERMYER. Mr. Boden is a partner in J. P. Morgan & Co.?

Mr. BAKER. Yes.

Mr. UNTERMYER. Is not Mr. Hepburn a director in your bank?

Mr. BAKER. Yes. He is not a proxy, then. It is Mr. Wiggin, I think.

Mr. UNTERMYER. He is in the Chase Bank, too?

Mr. BAKER. Yes.

Mr. UNTERMYER. There is no question, is there, that you control the First National Bank, in its management and affairs?

Mr. BAKER. I would not like to be so conceited as to say that.

Mr. UNTERMYER. Would you like to be so honest as to say it?

Mr. BAKER. Yes; I would like to be honest.

Mr. UNTERMYER. There is no doubt about it, is there?

Mr. BAKER. Oh, I think so.

Mr. UNTERMYER. You think there is doubt about what?

Mr. BAKER. I could not control it if I wanted to do anything that the others did not want to have done.

Mr. UNTERMYER. As a matter of fact, Mr. Baker, do you not, and have you not, for many years past, controlled the management of that bank?

Mr. BAKER. There has never been any dispute about the control.

Mr. UNTERMYER. There has never been any dispute about your control?

Mr. BAKER. About mine any more than anybody's.

Mr. UNTERMYER. Nobody has disputed your control?

Mr. BAKER. No, sir; and I have not disputed anybody else's control.

Mr. UNTERMYER. Well, who else has undertaken to control the bank?

Mr. BAKER. Nobody, and nobody has undertaken to control it at all. Not else.

Mr. UNTERMYER. I understand. It controls itself.

Mr. BAKER. Practically. We are a very harmonious family, Mr. Untermyer, I am happy to say, and we can not get up any quarrels.

Mr. UNTERMYER. Well, on the basis of 226 per cent in a yew years it ought to be.

Mr. BAKER. Well——

Mr. UNTERMYER. When was this stock of the Chase Bank sold by the security company?

Mr. BAKER. When was it sold by the security company?

Mr. UNTERMYER. By the security company.

Mr. BAKER. Just recently.

Mr. UNTERMYER. Yes; but how recently?

Mr. BAKER. Within a fortnight.

Mr. UNTERMYER. Within a week, is it not?

Mr. BAKER. No; not within a week.

Mr. UNTERMYER. Was it not last Thursday night, or was it Wednesday night?

Mr. BAKER. Oh, it was not either night, particularly.

Mr. UNTERMYER. Well, when was it, Mr. Baker?

Mr. BAKER. It has been talked of for some time.

Mr. UNTERMYER. No; but when was the stock sold? Last week, wasn't it?

Mr. BAKER. When was it consummated?

Mr. UNTERMYER. Yes.

Mr. BAKER. Well, it is hard to say just when it was. It was understood it was to be sold, and there was not anything in particular said, except when it came to the question of making the payment.

Mr. UNTERMYER. Who conducted the negotiation?

Mr. BAKER. I did.

Mr. UNTERMYER. With whom

Mr. BAKER. Mr. Wiggin.

Mr. UNTERMYER. With Mr. Wiggin of the Chase Bank?

Mr. BAKER. Yes.

Mr. UNTERMYER. He is the president of the bank?

Mr. BAKER. Yes.

Mr. UNTERMYER. He was formerly the vice president when Mr. Hepburn was president, was he not?

Mr. BAKER. Yes.

Mr. UNTERMYER. And what is Mr. Hepburn's relation to the Chase Bank now?

Mr. BAKER. He is chairman.

Mr. UNTERMYER. Chairman of the board?

Mr. BAKER. Yes.

Mr. UNTERMYER. The same relation that you bear to the First National?

Mr. BAKER. Yes; only he takes rather more active management of its details than I do.

Mr. UNTERMYER. Did you designate the directors of the Chase Bank, by virtue of the holding of the control?

Mr. BAKER. No.

Mr. UNTERMYER. Well, this control held by the security company was voted at every meeting, was it not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Was it to be voted for certain directors?

Mr. BAKER. Yes.

Mr. UNTERMYER. Who designated how it should be voted?

Mr. BAKER. Generally the meeting of the board, the previous directors would go over; it was always the same one. It went to the proxy, the same as the First National Bank.

Mr. UNTERMYER. The directors in the Chase Bank were named by the First National Bank?

Mr. BAKER. No; I do not think so.

Mr. UNTERMYER. Let us see about it.

Mr. BAKER. All right, sir.

Mr. UNTERMYER. How many of them are directors of the First National?

Mr. BAKER. Three or four, three certainly; four; I can tell you that from a memorandum.

Mr. UNTERMYER. How many directors of the Chase Bank are there in all?

Mr. BAKER. Nine. There are five of them directors in the First National, instead of four.

Mr. UNTERMYER. There are five of those nine who are named from the First National board.

Mr. BAKER. Well, they were not named from there; some of them were there before.

Mr. UNTERMYER. You mean some of them were there before they became directors of the First National?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Which ones, for instance?

Mr. BAKER. Mr. Hepburn and Mr. Hill.

Mr. UNTERMYER. Was not Mr. Hepburn a director of the First National?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Who suggested Mr. Hepburn as a director of the Chase Bank?

Mr. BAKER. I do not know. That was long before I had anything to do with it. He came in from the City Bank; he was vice president of the City Bank, and came in.

Mr. UNTERMYER. And Mr. Hepburn was there when you took control of the stock, was he?

Mr. BAKER. Yes, sir; I think he was.

Mr. UNTERMYER. You are a director of the Chase Bank, are you not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Your son is a director?

Mr. BAKER. Yes.

Mr. UNTERMYER. Your brother-in-law, Mr. Schley, is a director?

Mr. BAKER. Yes.

Mr. UNTERMYER. The president of the First National, Mr. Hine, is a director, is he not?

Mr. BAKER. Yes, sir; and there is another one, Mr. Hill. Mr. Schley is not a director in the First National.

Mr. UNTERMYER. I understand that.

Mr. BAKER. But Mr. Hill is a director in both banks.

Mr. UNTERMYER. Mr. James J. Hill?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. You say your negotiation for the sale of this stock by the security company to Mr. Wiggin was made by you?

Mr. BAKER. Yes.

Mr. UNTERMYER. Did you sell all the holdings of the security company?

Mr. BAKER. No, sir.

Mr. UNTERMYER. How much of it did you sell?

Mr. BAKER. 15,000 shares.

Mr. UNTERMYER. Out of your holdings of 28,632 shares?

Mr. BAKER. Yes.

Mr. UNTERMYER. And the total capital is 50,000 shares?

Mr. BAKER. Yes, sir. Perhaps I might make a little explanation there that would be of use to you.

Mr. UNTERMYER. Yes.

Mr. BAKER. I purchased the Chase Bank shares with an idea of consolidating it with the First National Bank, the same as we did with the Bank of the Republic. That was the absolute intention. Later on it prospered so well itself and the stock became more valuable, and we concluded that was not desirable; that our bank was large enough of itself and theirs was large enough of itself, and we felt rather that we would like to divest ourselves of some of the responsibility of it. Mr. Wiggin, as he expressed it, was willing to make that bank his life work, and it was to attach them to the bank—in which 10,000 shares went inside the bank to be held and kept by them—to center their interest in the Chase National Bank permanently and anchor them as much as such things can be done.

Mr. UNTERMYER. Mr. Wiggin had been identified with the bank for many years, had he not?

Mr. BAKER. He had; yes sir.

Mr. UNTERMYER. And he had a large interest, had he?

Mr. BAKER. Not very. I can not remember just what it was—a thousand or two shares.

Mr. UNTERMYER. Where is the control of the bank now, since last week?

Mr. BAKER. I do not think it has been changed any.

Mr. UNTERMYER. You say the security company still holds it?

Mr. BAKER. No, sir; no one holds it, but it all works right together——

Mr. UNTERMYER. Still, the security company did hold it?

Mr. BAKER. That is right.

Mr. UNTERMYER. Where is the control now?

Mr. BAKER. There is not any, in that light.

Mr. UNTERMYER. The control has been scattered, has it?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Is there any one interest that holds anything like as much as the security company still holds in the Chase Bank?

Mr. BAKER. No, sir; except Mr. Wiggin's interest, and I do not know how that is divided. I could not tell you.

Mr. UNTERMYER. Do you not know that Mr. Wiggin distributed his interest, and did not take it himself?

Mr. BAKER. Well, if he did, the understanding was he wanted to keep 10,000 shares for the officers and employees in the bank, and the other 5,000 shares were to be distributed——

Mr. UNTERMYER. Did you sell it on credit?

Mr. BAKER. It has been most all paid for, I believe, has it not?
Mr. GEORGE F. BAKER, jr. Yes.
Mr. BAKER. Yes, sir; practically paid for.
Mr. UNTERMYER. Don't you know that Mr. Wiggin did not retain the 10,000 shares?
Mr. BAKER. I do not know.
Mr. UNTERMYER. You do not know anything about that?
Mr. BAKER. I assume he did not. I did not expect he would keep more than half of it.
Mr. UNTERMYER. No; you expected he would scatter it and have it distributed?
Mr. BAKER. As I say, 10,000 shares of it, to keep right inside the bank.
Mr. UNTERMYER. What do you mean by keeping it inside the bank?
Mr. BAKER. I mean by himself and other officers and employees of the institution.
Mr. UNTERMYER. Then you understood——
Mr. BAKER. He was to give every employee in the bank an interest in the purchase that wanted it, to such proportion as they thought they could afford. Whether he has done that I have never asked him. I do not suppose it is consummated completely.
Mr. UNTERMYER. You thought it was better, did you not, that the First National should not continue to have the control of another large bank?
Mr. BAKER. I was very glad to get relieved of the responsibility that attaches to it.
Mr. UNTERMYER. Have you changed the board of directors at all of the Chase Bank?
Mr. BAKER. No, sir.
Mr. UNTERMYER. Then the First National has still got a majority of the directors of the Chase board, has it not?
Mr. BAKER. Yes, sir; they have.
Mr. UNTERMYER. What difference has been accomplished so far as concerns the question of actual management and control?
Mr. BAKER. I did not say that any had.
Mr. UNTERMYER. You do not think there has been?
Mr. BAKER. No, sir.
Mr. UNTERMYER. It was not intended to bring about any difference, was it?
Mr. BAKER. I should rather expect they were trying to get some influential interests to come in there.
Mr. UNTERMYER. You think it does contemplate a change in the control of the Chase National, then, do you?
Mr. BAKER. No; as you use the word control, it is the majority of the shares?
Mr. UNTERMYER. No; I am speaking of a control of management now.
Mr. BAKER. It would be just the same.
Mr. UNTERMYER. Do you understand that it contemplates any change in the control or the management?
Mr. BAKER. No, sir; I do not.
Mr. UNTERMYER. Have you or have your board of directors contemplated any action divorcing the security company from the bank?

Mr. BAKER. No, sir.

Mr. UNTERMYER. None whatever?

Mr. BAKER. No, sir; if there should be any question come up as to the illegality or irregularity of the department, and they so construed it, we would separate them in a moment.

Mr. UNTERMYER. There would be no difficulty in separating them, would there?

Mr. BAKER. No, sir; I think not.

Mr. UNTERMYER. Mr. Baker, were you asked to supply the committee with a list of the investments of the First National Bank?

Mr. BAKER. I think we had a request asking us to give the assets of the First National Bank.

Mr. UNTERMYER. What is the objection to giving the assets of a bank?

Mr. BAKER. In the first place, what would you define that to constitute? What would you define that to be? Would it include every note we have, and every loan?

Mr. UNTERMYER. No; the request excluded all loans and all names of borrowers, and had reference only to the other assets of the bank. Would there be any objection to a bank stating what its assets are other than the names of its borrowers?

Mr. BAKER. Do you mean in detail? Do you mean to state them in detail?

Mr. UNTERMYER. Yes.

Mr. BAKER. Yes; there would be.

Mr. UNTERMYER. Do you see any objection to stating to a committee of Congress what its assets are other than as I have mentioned?

Mr. BAKER. Yes, sir; I do.

Mr. UNTERMYER. You do?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. I wish you would tell us why a bank should not state its assets not only to a committee of Congress but to depositors and stockholders and everbody. Why should not the assets, and the detailed assets, be a matter of public knowledge?

Mr. BAKER. Business would come to rather a standstill.

Mr. UNTERMYER. I want you to explain to the committee why.

Mr. BAKER. I can not explain it.

Mr. UNTERMYER. You mean you can give us no reason?

Mr. BAKER. It would be exposing all the details of that business to the whole world.

Mr. UNTERMYER. Do you mean it is exposing the items of your property?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And that, you think, would paralyze the business of a bank?

Mr. BAKER. It would certainly reduce it very materially.

Mr. UNTERMYER. Why should that reduce it?

Mr. BAKER. If you came to the First National Bank and wanted to make a loan, you would not want to see it posted up on the pillars.

Mr. UNTERMYER. We are not speaking of the names of borrowers. We are talking about the exposure of assets or investments other than the names of borrowers. Where is the objection to disclosing that?

Mr. BAKER. We might hold a lot of bonds that we would not care to expose to the public.

Mr. UNTERMYER. Is not that a pretty good reason why people should know?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Let us see about that. When you issue your statement every year, you give a statement of the total amount of your assets, do you not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. We are discussing not your bank alone, but in a general way.

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Do you not think people who would be depositors in the bank, or its existing depositors, are entitled to know of what that item of assets consists?

Mr. BAKER. If they think they are, they can come and ask the officers.

Mr. UNTERMYER. You know the officers do not disclose that, do you not?

Mr. BAKER. If they are not satisfied, they had better take their account somewhere else.

Mr. UNTERMYER. Your answer to the suggestion that a bank should be required to disclose its assets is that if the depositors do not like it they should go elsewhere? Is that it?

Mr. BAKER. They can; yes.

Mr. UNTERMYER. And that is your position on it, anyway?

Mr. BAKER. Yes; that is my position.

Mr. UNTERMYER. That is your position?

Mr. BAKER. Yes.

Mr. UNTERMYER. Do you not think the stockholders of the bank ought to be permitted to know of what the assets consist, in detail?

Mr. BAKER. I think they should, practically.

Mr. UNTERMYER. When are they ever informed?

Mr. BAKER. They are not informed, because they do not generally care to know.

Mr. UNTERMYER. Have you ever given a stockholder who was not a director access to your books to see what the assets are?

Mr. BAKER. No. One reason is that they never require it. They elect, in our bank, 15 gentlemen to do that for them, called the directors, and the stockholder entrusts with Mr. Smith or Mr. Jones, a director, the authority to do that for him.

Mr. UNTERMYER. But does not that apply simply to the majority stockholders? That does not apply to all the stockholders, does it?

Mr. BAKER. No.

Mr. UNTERMYER. For instance, take the stockholder who is not one of the majority, and who wants to know what the assets of his bank are; do you not think he is entitled to know?

Mr. BAKER. I never thought of it before.

Mr. UNTERMYER. You never thought of it before?

Mr. BAKER. But if he wanted to know he would not have any trouble finding out in the First National Bank.

Mr. UNTERMYER. Where would he find out?

Mr. BAKER. If he came to the officers of the First National Bank.

Mr. UNTERMYER. You have never given that information, have you?

Mr. BAKER. We never had anybody ask it.

Mr. UNTERMYER. Have you ever disclosed your assets?

Mr. BAKER. To the public?

Mr. UNTERMYER. To anybody, except your own folks.

Mr. BAKER. And the Comptroller of the Currency and the examiners.

Mr. UNTERMYER. Do you know that is considered confidential?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. As to the rights of depositors in banks to know of what the assets really consist—and not taking your bank alone, but taking the body of the whole law that would apply to all banks—do you not recognize that it is important to the security of depositors and to fair dealing in banking institutions that the assets of the bank should be open to inspection?

Mr. BAKER. No, sir; I do not.

Mr. UNTERMYER. You do not think so?

Mr. BAKER. No, sir.

Mr. UNTERMYER. So that you do not think there ought to be any way in which anybody can find out whether the statement of assets that is contained in gross on the balance sheet represents more or less than the real value?

Mr. BAKER. There is a way. In the first place, there is a board of directors elected for that purpose. Then, taking the First National Bank, in New York City, there is the clearing house examiners that we have had, especially of late years. Then we have the comptroller, who makes an examination through his bank examiners twice a year, and then we send to him a report five times a year. There are eight reports a year of the assets of the First National Bank.

Mr. UNTERMYER. But those are only made, are they not, in a confidential way to the Government authorities or your own agents in the clearing house?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Does that clearing house examiner's report get before all the committee of the clearing house?

Mr. BAKER. No, sir.

Mr. UNTERMYER. It is only intended for your own individual use?

Mr. BAKER. Unless there is some question about it. If there is any doubtful asset, that would be brought up

Mr. UNTERMYER. Then, it goes to the clearing house committee?

Mr. BAKER. I think it is that way.

Mr. UNTERMYER. So that the clearing house committee would have more access to the assets of your bank and more right to find out what they were than one of your stockholders or depositors?

Mr. BAKER. No more right; but the courtesy is extended to them.

Mr. UNTERMYER. It is a right that you resign when you become a member of the clearing house, is it not? You delegate that right, do you not?

Mr. BAKER. I am not certain about that, but I will agree to it if you think it is that way.

Mr. UNTERMYER. Do you not know the clearing house examiners were appointed subject to resolution on amendment of the rules?

Mr. BAKER. I think that is it. I never read it, so I am not familiar with it.

Mr. UNTERMYER. What I am trying to get at is this: How can the public be protected, or the depositors be protected, if you insist upon keeping secret what your assets are?

Mr. BAKER. They are protected, first, in the confidence they have in the board of directors, and——

Mr. UNTERMYER. Have you ever heard of that being abused?

Mr. BAKER. Yes, sir; but under the management like we are having to-day in the comptroller's office, how often do you hear of any bank abusing that?

Mr. UNTERMYER. Every time there is a failure of a bank do you not hear of it?

Mr. BAKER. There are 7,500 banks. When have you ever heard of any 75 of them having failed? There are abuses of everything under the sun.

Mr. UNTERMYER. You may go on and state the reason why the assets should not be known and should not be public property.

Mr. BAKER. There is no reason why they should that I know of.

Mr. UNTERMYER. You do not see any reason at all in any such requirement?

Mr. BAKER. No, sir. I say that the confidence is first in the directors, next in the Comptroller of the Currency and in the bank examiners and the clearing house examiners; and that establishes sufficient confidence with the people or the depositors and the stockholders the minority stockholders, if you wish—to satisfy them in regard to it, and I never have known of their claiming or asking for anything different.

Mr. UNTERMYER. Why should the public do business on confidence when it can get the facts?

Mr. BAKER. There would not be much business done if it was not done on confidence.

Mr. UNTERMYER. There would be no business done if the public knew the facts?

Mr. BAKER. There would be some business.

Mr. UNTERMYER. But there would not be much left?

Mr. BAKER. There would not be so much.

Mr. UNTERMYER. You do not mean that, do you?

Mr. BAKER. I do mean the people do not want to do business that way. They do not want the facts. They do not want a list of our securities or any other bank's securities.

Mr. UNTERMYER. Let us suppose, for instance, your stock is for sale. Suppose one of your stockholders dies and his stock is to be put up for sale. Do you understand?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. How is the purchaser or anybody who bids for that stock to know what to bid for the stock?

Mr. BAKER. He would not have a particle of difficulty in finding out by coming right to the bank and inquiring.

Mr. UNTERMYER. Have you ever had anyone do it?

Mr. BAKER. No, sir; and I do not believe there ever will be.

Mr. UNTERMYER. Then if "A" or "B" or "C" wanted to go to the sale and bid on the stock of an estate and there was bank stock among

it he would not have any means of finding out what those assets were as represented by that stock?

Mr. BAKER. Yes; if he called at the bank and asked any officer of the bank he would be told.

Mr. UNTERMYER. Although you have declined to give them to the committee?

Mr. BAKER. We would not give it in detail; we would not go over the list of the whole thing. I would not tell him if your note was in there for $100 or $1,000.

Mr. UNTERMYER. We are not talking about the notes. We are talking about your other assets.

Mr. BAKER. He has a better record than we have on that, because it is decided by the Comptroller of the Currency, in an affidavit to him by examiners twice a year, and by the clearing house examiners once a year what is the value of those assets and at what they are stated on the books.

Mr. UNTERMYER. Then it is your opinion that anybody who wants to buy stock at a sale should be compelled to rely upon his confidence in the comptroller's examination and the clearing house examination, without knowing the facts?

Mr. BAKER. If he wants to know all the details of it; yes, sir.

Mr. UNTERMYER. And it is your idea that if a man dies, leaving stock, it will bring in just as much and they can get just as many buyers if they do not know the facts as if they do?

Mr. BAKER. Yes, sir; fully as much.

Mr. UNTERMYER. And you are also of the opinion, are you, Mr. Baker, that with respect to the public generally and the depositors, there is nothing in the claim that they ought to know of what the assets consist?

Mr. BAKER. Yes, sir. Mr. Untermyer, the fundamental principle of banking, perhaps more than some others, is credit.

Mr. UNTERMYER. We have had a good deal of that, and we will take that up a little later.

Mr. BAKER. Then I do not need to say anything, if you know all about it.

Mr. UNTERMYER. By credit you mean confidence in the men who are running the concern?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. You think the public should just blindly follow on confidence and should not know anything about the facts?

Mr. BAKER. I do not think they do it very blindly.

Mr. UNTERMYER. You do not think they ought to, do you?

Mr. BAKER. No.

Mr. UNTERMYER. You do not think they ought to rely on confidence? You think they ought to have the facts, do you not?

Mr. BAKER. No; I do not think that.

Mr. UNTERMYER. Which do you think they should have, confidence or facts, or both?

Mr. BAKER. I think they ought to have confidence.

Mr. UNTERMYER. Without the facts?

Mr. BAKER. Without the facts, in detail.

Mr. UNTERMYER. You think the people who are managing the estates and affairs of investors ought to require that the investor and

...merely on confidence and

...vernment administration,
...ne directors' administra-

...he facts?
...disclose all our facts. We

...ean anything.

...statement the assets so much;

...so much." We say "loans,

...good or bad or indifferent.
...notes or the securities; and if
...unless it happened in a day,

...because I think the committee
...would ensue to anybody, the
...people the facts, without the

...ink of any particular injury.
...think of any particular injury
...uld like to know what reason there

...eve there is any good in it.
...all you want to say on that sub-

...sympathize with you on that. Are you
...of stock in the Chase Bank?

...extent?
...shares.
...qualifying shares?

...a director in the Astor Trust Co., are

...what is the capital of the Astor Trust Co.?
...now; that is, I do not remember.
...What proportion of it do you own?
...a large amount; I have forgotten how much.
...Mr. Baker, you were asked, were you not, to fur-
...with a statement of the holdings of the officers of
...banks and trust companies?
Mr. BAKER. I do not remember it. If you say we were, I will not deny it, but I do not remember it.
Mr. UNTERMYER. Do you know how many of the directors of your bank are directors of the Astor Trust Co.?
Mr. BAKER. No sir; not from memory. It is all published, but I do not remember it.
Mr. UNTERMYER. There are four, are there not?

Mr. BAKER. I could not tell you.

Mr. UNTERMYER. Were you one of the organizers of the trust company?

Mr. BAKER. It was an organization; it came over from the Astor National Bank. It was converted into a trust company.

Mr. UNTERMYER. Did you and your associates buy from the old management?

Mr. BAKER. No; we organized the Astor National Bank.

Mr. UNTERMYER. You organized the original?

Mr. BAKER. The original bank; yes.

Mr. UNTERMYER. And then you turned it into a trust company?

Mr. BAKER. Yes.

Mr. UNTERMYER. And you have since retained your interest in it?

Mr. BAKER. I have an interest, but not so much. It was sold out pretty much at the time.

Mr. UNTERMYER. You say you sold part of your interest?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Recently?

Mr. BAKER. No, sir; about that time; I think about the time it was organized into a trust company.

Mr. UNTERMYER. We asked for a list of the holdings of Mr. Baker and his associates in banks and trust companies.

Mr. FISHER A. BAKER. I do not remember that.

Mr. BAKER. I do not remember it.

Mr. FISHER A. BAKER. I think Mr. Baker can tell you the principal ones.

Mr. BAKER. I can tell pretty nearly. If you want to know whether I own a large interest, I can tell you no.

Mr. UNTERMYER. I want to know about what the capital is, and how large an interest you and your associates in the First National Bank have.

Mr. BAKER. I have not any idea what the others hold.

Mr. UNTERMYER. Are you a director also in the Farmers Loan & Trust Co.?

Mr. BAKER. It is a small amount that I own, comparatively. What is the question?

Mr. UNTERMYER. Are you a director also in the Farmers Loan & Trust Co.?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And a stockholder?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Are you a directors in the Guarantry Trust Co.?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Do you remember whether your associate directors in the Astor Trust Co. are Messrs. Lamont, Hine, and Davison?

Mr. BAKER. I think that is correct.

Mr. UNTERMYER. To what extent are you interested in the Farmers Loan & Trust Co.?

Mr. BAKER. A very small amount.

Mr. UNTERMYER. How long have you been connected with that company?

Mr. BAKER. Quite a number of years.

Mr. UNTERMYER. You are one of the voting trustees of the Guaranty Trust Co., are you not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Do you remember the time of the establishment of that voting trust?

Mr. BAKER. Not definitely. I rather think I was away.

Mr. UNTERMYER. It was in 1910, was it not?

Mr. BAKER. About that period.

Mr. UNTERMYER. Do you not remember the circumstances under which that voting trust was established?

Mr. BAKER. I think I do, generally. I shall be very glad to answer any question, if I know.

Mr. UNTERMYER. Did you have anything to do with its establishment?

Mr. BAKER. Not a great deal.

Mr. UNTERMYER. You say you were a director at the time?

Mr. BAKER. Yes, sir; and have been a director always.

Mr. UNTERMYER. Was that voting trust established at the time the Guaranty Trust Co.'s stock was acquired from the Mutual Life Insurance Co.?

Mr. BAKER. I could not tell you; I do not remember.

Mr. UNTERMYER. Your cotrustees there were Mr. Davison, of J. P. Morgan & Co., and Mr. Porter, were they not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. I would like you to tell us where and with whom the arrangement was made for constituting the Guaranty Trust Co. into a voting trust.

Mr. BAKER. I could not do that—that is, I mean I do not know.

Mr. UNTERMYER. With whom did you talk about it?

Mr. BAKER. I remember Mr. Davison for one.

Mr. UNTERMYER. And with whom else?

Mr. BAKER. I do not recollect.

Mr. UNTERMYER. Was that before the Mutual Life parted with its interest?

Mr. BAKER. That I do not remember.

Mr. UNTERMYER. Do you not recall when the Mutual Life parted with its interest?

Mr. BAKER. No; I do not.

Mr. UNTERMYER. Do you know how large an interest it parted with?

Mr. BAKER. I do not remember that.

Mr. UNTERMYER. You were a member of the finance committee of the Mutual Life Insurance Co., were you not?

Mr. BAKER. I was, but I am sorry to say that I do not remember.

Mr. UNTERMYER. You have been a member of the finance committee of that corporation for many years, have you not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Who first suggested to the Mutual Life that it should part with its interest in the Guaranty Trust Co. stock?

Mr. BAKER. You mean the interest that they acquired from them?

Mr. UNTERMYER. Yes.

Mr. BAKER. Mr. Harriman bought the first large interest. I think it was half of their holdings. I can not remember about this other.

Mr. UNTERMYER. Did you not conduct the negotiations on behalf of the Mutual Life?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Did not the Mutual Life Insurance Co. sell its remaining interest in the Guaranty Trust Co.?

Mr. BAKER. I think it did.

Mr. UNTERMYER. When was that?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. Were you concerned in that purchase?

Mr. BAKER. Not particularly. In the purchase?

Mr. UNTERMYER. Yes.

Mr. BAKER. No, sir.

Mr. UNTERMYER. Did you share in the purchase?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Were you concerned in the sale?

Mr. BAKER. No, sir.

Mr. UNTERMYER. On behalf of the finance committee, did you not conduct the sale?

Mr. BAKER. I do not even remember. I do not believe I could have been there. I have no recollection of it. Of course I voted on it if I was at the meeting of the committee.

Mr. UNTERMYER. Are we to understand, Mr. Baker, that you can not tell us anything about the circumstances under which the Mutual parted with its Guaranty Trust Co. stock?

Mr. BAKER. Except that that stock, like a good many others, had been for sale for a good many years.

Mr. UNTERMYER. Can you tell us what connection you had with it?

Mr. BAKER. I had no special connection with it.

Mr. UNTERMYER. You did not negotiate it?

Mr. BAKER. No, sir.

Mr. UNTERMYER. How did you come to be made a voting trustee?

Mr. BAKER. Because they requested me to.

Mr. UNTERMYER. Who?

Mr. BAKER. I have forgotten. I know Mr. Davison was one of the parties.

Mr. UNTERMYER. Did you not think it was a very unusual thing to have a financial institution managed by a voting trust?

Mr. BAKER. Under all the circumstances I did not think it was.

Mr. UNTERMYER. That was in 1910, was it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. And at that time was the Mutual parting with its stock?

Mr. BAKER. I judge so; or had parted with it or did part with it at that time.

Mr. UNTERMYER. Who designated the other trustees?

Mr. BAKER. I do not know.

Mr. UNTERMYER. Who suggested Mr. Davison and Mr. Porter should be the other two trustees?

Mr. BAKER. I do not know. I had had no active part in it.

Mr. UNTERMYER. Who took charge of that transaction of constituting this voting trust?

Mr. BAKER. That I could not even tell you.

Mr. UNTERMYER. There was some head to it, was there not?

Mr. BAKER. I presume there was, but I was not one of them and did not take much interest in it.

Mr. UNTERMYER. You understood you were to be a voting trustee?

Mr. BAKER. Yes, sir; they asked me if I would, and I complied.

Mr. UNTERMYER. Did you ask them why a prosperous trust company should go under a voting trust?

Mr. BAKER. I guess I know what you want to get at, and perhaps I can explain it in a different way.

Mr. UNTERMYER. The Guaranty Trust Co. was a very prosperous company at that time, was it not?

Mr. BAKER. Yes; fairly so.

Mr. UNTERMYER. You may explain, if you will, what was said to you by anybody, what talks took place with respect to putting this under a voting trust, and if so, with whom you had any talk.

Mr. BAKER. I do not think there was any; certainly not that I recollect.

Mr. UNTERMYER. You do not remember any talk about it at all?

Mr. BAKER. No; not especially. I know there was a general talk, but I can not remember what it was or with whom it as, because I did not take any very active interest in it.

Mr. UNTERMYER. You are a stockholder?

Mr. BAKER. Yes.

Mr. UNTERMYER. In the Guaranty Trust Co.?

Mr. BAKER. To a moderate extent.

Mr. UNTERMYER. You have a list somehere of your holdings in the banks and trust companies' stocks?

Mr. BAKER. Yes; and I can tell you in regard to that that it was a small interest; it was not 100 shares.

Mr. UNTERMYER. What is your stockholding interest in the Guaranty Trust Co.?

Mr. BAKER. Then it was not 100 shares. I have acquired some since.

Mr. UNTERMYER. What is it now?

Mr. BAKER. I think it is a thousand shares.

Mr. UNTERMYER. You think? You do not know?

Mr. BAKER. Yes; that is it.

Mr. UNTERMYER. What is the market value per share?

Mr. BAKER. $700, I think. I have not looked at the quotations for a long time. It has been published every day in the papers.

Mr. UNTERMYER. Do you think a thousand shares at say seven or eight hundred dollars a share is a small interest?

Mr. BAKER. It is not a great interest in so large a capitalization.

Mr. UNTERMYER. Has your son a large interest, too?

Mr. BAKER. I do not know whether he has any.

Mr. UNTERMYER. You do not know?

Mr. BAKER. He says he had 100 shares.

Mr. UNTERMYER. Do you know what interest the other directors of your bank have?

Mr. BAKER. No, sir; I have not the slightest idea. I know none of them have a very large interest.

Mr. UNTERMYER. You know there are other directors of your bank who are directors of the Guaranty Trust Co.?

Mr. BAKER. I do not recollect any.

Mr. UNTERMYER. Mr. Davison and Mr. Lamont?

Mr. BAKER. I thought you said officers of the bank.

Mr. UNTERMYER. No; directors of the bank.

Mr. BAKER. Yes, sir; that is right.

Mr. UNTERMYER. Can you not tell the committee why this solvent and prosperous trust company was put under a voting trust?

Mr. BAKER. I think I can. The Bankers' Trust Co. was organized some years ago by certain men. If you will look over the list, you will see a dozen of the most alert and active financial men down town, in whom the people have generally reposed a good deal of confidence; and they made a very prosperous concern. They were not Astors, nor were they Vanderbilts, but they put this stock together, and they thought, after making a prosperous company, they did not want to have somebody step in and buy it and they made a voting trust.

Later on they thought they would buy the Guaranty Trust and consolidate it, the same as we contemplated doing with the Chase Bank.

Mr. UNTERMYER. You mean the Bankers' Trust Co. wanted to buy the Guaranty Trust?

Mr. BAKER. Yes; and it was bought in their interest in that way. They proposed to put it, so it could be handled conveniently, in a voting trust.

Mr. UNTERMYER. Then you understand that the Guaranty Trust Co. was bought in the interest of the Bankers' Trust Co., do you?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. From whom was the Guaranty Trust stock bought?

Mr. BAKER. I think from the Mutual Life; part of it.

Mr. UNTERMYER. Where was the rest of it bought?

Mr. BAKER. They must have bought the Harriman stock or probably bought from the Harriman estate, or else Mrs. Harriman kept an interest in it. I do not know which she did.

Mr. UNTERMYER. You notice they did not have the same voting trust as the Bankers' Trust, did they?

Mr. BAKER. No.

Mr. UNTERMYER. Was there any talk about why there should be a different voting trust?

Mr. BAKER. I never heard any.

Mr. UNTERMYER. That voting trust of the Guaranty Trust Co. was kept a secret, was it not?

Mr. BAKER. I did not know that it was.

Mr. UNTERMYER. Did you not know it was not known down town, in Wall Street?

Mr. BAKER. No, sir; I did not.

Mr. UNTERMYER. Did you not know it was never known there was a voting trust?

Mr. BAKER. No; I did not.

Mr. UNTERMYER. Do you think a voting trust——

Mr. BAKER. That might be a fact and I not know it.

Mr. UNTERMYER. Do you think a voting trust for a great financial institution is a proper form of management?

Mr. BAKER. I do not see anything improper in it.

Mr. UNTERMYER. Let us see if there is not anything improper in it.

Do you regard the personnel of the directors as an important element in a trust company?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. You know it is advertised as attracting confidence, do you not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Do you not think the public has the right to rely upon the statement as to who constitutes the board of directors, as being a statement that they are really the selection of the stockholders and that they are running the institution?

Mr. BAKER. Oh, yes; unless that was kept a secret, as you say, which I never heard of before.

Mr. UNTERMYER. Do you not think it would be wrong to constitute a secret voting trust, putting the power in two men to name the board of directors from time to time?

Mr. BAKER. I am surprised, if that was the condition.

Mr. UNTERMYER. Do you not think that would be wrong?

Mr. BAKER. I should not do it in that way, but I think it was all done for a specific purpose, for the purpose of putting these banks together, and to facilitate it.

Mr. UNTERMYER. Do you not know the Bankers' Trust has been under a voting trust since 1903, since it was organized?

Mr. BAKER. I did not know it before.

Mr. UNTERMYER. That was not done for the specific purpose of putting it together with anything else, was it?

Mr. BAKER. They contemplated that always, I think, for combining with some other companies when they gathered them in.

Mr. UNTERMYER. Why should they need a voting trust in order to buy other companies?

Mr. BAKER. I do not know. I never participated in their affairs. I do not know anything about it.

Mr. UNTERMYER. You are a large stockholder in the Bankers' Trust Co., are you not?

Mr. BAKER. No, sir; not a large holder. We hold 1,500 shares.

Mr. UNTERMYER. And your security company holds 2,500 shares?

Mr. BAKER. Yes.

Mr. UNTERMYER. That is, 4,000 shares; and it is selling at 600, is it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. That is $2,500,000. Is not that a large holding in a trust company?

Mr. BAKER. Counting the two together.

Mr. UNTERMYER. Yes. I should like to know whether you consider that banks and trust companies should have the right to constitute voting-trust managements?

Mr. BAKER. I have never given it any thought. That is a question for the stockholders to decide for themselves. I never thought anything about it.

Mr. UNTERMYER. Do you not think the public has an interest in it?

Mr. BAKER. I do not think so, because I have not thought one way or the other.

Mr. UNTERMYER. Just think a moment about it.

Mr. BAKER. I would want to think of both sides before I should think there was anything wrong in it.

Mr. UNTERMYER. What is there on the other side of it?

Mr. BAKER. I do not know. I do not know what there is in either side.

Mr. UNTERMYER. What good reason is there that there should be a voting trust of any financial institution?

Mr. BAKER. I can not see any good reason why there should be for the First National Bank. That is the only thing I am interested in.

Mr. UNTERMYER. Can you see any good reason why there should be for any others?

Mr. BAKER. I do not know.

Mr. UNTERMYER. In your judgment, should not the public, who are asked to deposit their funds in the banks, be informed as to the existence of a voting trust?

Mr. BAKER. You surprised me for the first time that it ever happened that it was not so. Railroads have trust officers.

Mr. UNTERMYER. Railroads have voting trusts, have they not?

Mr. BAKER. Yes.

Mr. UNTERMYER. And those voting trusts put the control of the property in the hands of the trustees, do they not?

Mr. BAKER. They make a board of directors.

Mr. UNTERMYER. The voting trustees have the power to designate the board?

Mr. BAKER. Oh, yes.

Mr. UNTERMYER. So that they really control the property, do they not?

Mr. BAKER. Yes, sir.

The CHAIRMAN. We will take our usual recess at this time.

Whereupon, at 1 o'clock p. m., a recess was taken until 2 o'clock p. m.

AFTER RECESS.

At the expiration of the recess the hearing was resumed.

TESTIMONY OF MR. GEORGE F. BAKER—Continued.

Mr. UNTERMYER. Please explain, Mr. Baker, the process by which you, as a voting trustee of the Guaranty Trust, elect these directors of the Guaranty Trust from year to year.

Mr. BAKER. They bring the proxy around and ask me to sign it, and I sign it. There is no certain man. I do not remember who it is now.

Mr. UNTERMYER. You say "they" bring the proxy? Who in the Guaranty Trust brings a proxy?

Mr. BAKER. I do not know who brought it the last time. There was one here just recently that came in by messenger. I do not know who he was. It had been signed by the other two members, and I signed it.

Mr. UNTERMYER. Do not the voting trustees meet to discuss the question of who shall be a director?

Mr. BAKER. They never have?

Mr. UNTERMYER. You are not consulted about it at all?

Mr. BAKER. No, sir.

Mr. UNTERMYER. They never have?

Mr. BAKER. I have never known of any consultation. That thing is generally done by the board of directors. In fact, they reelect always the same man unless there is a vacancy.

Mr. UNTERMYER. Let us see how it is done. You have the responsibility of selecting these directors?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. What you do is to give a proxy to somebody else to do it?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. To whom do you give the proxy to do that particular act?

Mr. BAKER. I can not remember the names of the proxies. There were three men in it; just the same as in the First National Bank, we designated Mr. William Wiggin, Mr. Bowdoin, and Mr. Fahnestock to do it; and in the trust company it was the same way, but I can not recall who the proxies were.

Mr. UNTERMYER. Then, in signing these proxies to somebody else to exercise the power delegated to you as a voting trustee, on whom or on what do you rely? Do you rely on seeing the signatures of your two associate voting trustees?

Mr. BAKER. No, sir. We rely, practically, on the board of directors, and look over and see whether there are any changes to be made. Possibly there is nothing to be done. Possibly it is a matter of form.

Mr. UNTERMYER. It makes a self-perpetuating board of it, does it not?

Mr. BAKER. Yes; if you wish to put it that way. Of course, if there was a controversy or anything at stake, it would be a different condition of affairs.

Mr. UNTERMYER. How could there be a controversy, with all the stocks in the hands of the three voting trustees?

Mr. BAKER. Because if there were certain members of the board who did not agree with it, the voting trustees might not agree, either.

Mr. UNTERMYER. The stockholders have nothing to do with it, have they?

Mr. BAKER. No, sir; not when they designate the trustees to do it.

Mr. UNTERMYER. Then, so far as the board is willing to have the board reelected and perpetuated, that settles it?

Mr. BAKER. That settles it if the voting trustees have no different opinion; and they probably would not.

Mr. UNTERMYER. As I understand it, the trustees express no opinion. They give a proxy for somebody whom the board selects.

Mr. BAKER. They would not give it unless everything was running perfectly smoothly and it was understood that the board was to be reelected.

Mr. UNTERMYER. They would not do it unless the board wanted it? Is that it?

Mr. BAKER. No, sir.

Mr. UNTERMYER. That is the idea, is it?

Mr. BAKER. Practically; and the principal stockholders who are in the board.

Mr. UNTERMYER. You speak of the stockholders. Which of the principal stockholders of the Guaranty Trust are in the board?

Mr. BAKER. I imagine most of them are represented.

Mr. UNTERMYER. Do you know anything about how much stock is held by the directors?

Mr. BAKER. I do not.

Mr. UNTERMYER. Do you know who the principal stockholders are?

Mr. BAKER. I do not.

Mr. UNTERMYER. Well, then, when you say that the principal stockholders——

Mr. BAKER (interposing). The persons in interest who are represented in the board. They come in and they say, "We will have an election on such and such a day," and reelect the same board.

Mr. UNTERMYER. What do you know about who the persons in interest are?

Mr. BAKER. We take it from the directors.

Mr. UNTERMYER. Have you had any talk with the directors?

Mr. BAKER. No, sir; I have not, personally.

Mr. UNTERMYER. Do you know anything about what interests are represented?

Mr. BAKER. I do not know how much. I could tell you by looking at the books.

Mr. UNTERMYER. You have not done so, however?

Mr. BAKER. No, sir.

Mr. UNTERMYER. As a matter of fact, Mr. Baker, what have you done as a voting trustee to carry out the duties intrusted to you by the voting trust agreement except perpetuating the directors?

Mr. BAKER. As there has been no question at issue, I have not done anything except the formality of signing the proxy.

Mr. UNTERMYER. How could there be any question at issue as long as the board of directors were willing to perpetuate themselves?

Mr. BAKER. The members of the voting trust might think differently if they chose.

Mr. UNTERMYER. They have never gotten together to discuss it, have they?

Mr. BAKER. No, sir; not to my knowledge.

Mr. UNTERMYER. During the existence of this voting trust have you known of any meeting of the voting trustees?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Or have you known of any discussion between them as to the personnel of the board to be elected from year to year?

Mr. BAKER. Practically none.

Mr. UNTERMYER. Do you think that is as good a form of government for a bank as if the stockholders were allowed to express their preferences from year to year in the selection of the board of directors?

Mr. BAKER. I do not.

Mr. UNTERMYER. You do not?

Mr. BAKER. No.

Mr. UNTERMYER. Then you do not approve of a voting trust? And if you do not, why do you not dissolve this trust?

Mr. BAKER. I do not care about it one way or the other. It is working very well.

Mr. UNTERMYER. You say you do not approve of that form of government?

Mr. BAKER. I do not specially disapprove of it. It could not be done in the First National Bank.

Mr. UNTERMYER. You would not be willing to have it done?

Mr. BAKER. No, sir; but I do not disapprove of others doing it, if the majority of the stockholders think they want it that way; and they seem to have done so in intrusting it to the trustees.

Mr. UNTERMYER. Do you know the circumstances under which the stockholders set up that voting trust?

Mr. BAKER. I do not remember it if I did.

Mr. UNTERMYER. Do you know whose idea it was?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Do you know what reason was given to the stockholders for surrendering their voting power?

Mr. BAKER. Well, I think——

Mr. UNTERMYER. Do you know it?

Mr. BAKER. Do you make the distinction between thinking and knowing?

Mr. UNTERMYER. Yes; a very marked distinction.

Mr. BAKER. Then I do not.

Mr. UNTERMYER. Thinking and guessing are one thing, and knowing is another.

Mr. BAKER. I only know what I can remember pretty well.

Mr. UNTERMYER. When you say you think this or that, you mean that that is your own opinion?

Mr. BAKER. That is my remembrance of it.

Mr. UNTERMYER. Oh. If it is your remembrance of it, and you have a recollection on the subject, then we shall be glad to have your recollection.

Mr. BAKER. My recollection, in a general way, is simply that they wanted to have this in a concrete form, so that they could act promptly on it in transferring, if they wanted, over to the Bankers' Trust or consolidating with any other institution.

Mr. UNTERMYER. Has there been any move toward consolidation with the Bankers' Trust?

Mr. BAKER. No; I think it is abandoned now.

Mr. UNTERMYER. Then why do you not dissolve the voting trust?

Mr. BAKER. I would if I had charge of it.

Mr. UNTERMYER. Do you not know that any two of the voting trustees can dissolve it?

Mr. BAKER. I suppose so; but we would not take action unless the stockholders who intrusted it to us wanted us to do it.

Mr. UNTERMYER. Why do you not submit the question to the stockholders?

Mr. BAKER. They have not asked to have it done.

Mr. SPOONER. Do you think this is a matter within the legislative power of Congress, Mr. Untermyer?

Mr. UNTERMYER. Yes.

Mr. SPOONER. A voting trust among the stockholders of a State corporation?

Mr. UNTERMYER. We do. We think it bears distinctly and definitely, Mr. Chairman, upon the question of the concentration and control of credit.

Mr. SPOONER. And you think Congress can pass a law——

Mr. UNTERMYER (interposing). I do not want to enter into a debate on the subject, Senator. I should be glad to talk with you outside about it.

Mr. SPOONER. I should like to talk with you in court about it. I beg pardon. I think this is a little irregular.

Mr. UNTERMYER. Yes.

Mr. BAKER. Unfortunately, you know as well as I do, Mr. Untermyer, that a great many things are done in New York——

Mr. UNTERMYER (interposing). That ought not to be done?

Mr. BAKER. No; that are done without much consideration. If a thing is going along all right, they accept it as it is. For instance, in almost any corporation, if it is paying dividends regularly, the stockholders will reelect the board; and the same is true in a railroad or anything.

Mr. UNTERMYER. This voting trust in a financial institution was an entirely new departure with the Bankers Trust Co., was it not?

Mr. BAKER. It was new to me.

Mr. UNTERMYER. Yes; and do I understand you to say that you would not approve of that method of governing a financial institution?

Mr. BAKER. Not for the First National Bank; I would not.

Mr. UNTERMYER. Do you know how many directors of the First National Bank and of Morgan & Co. are also directors of the Bank of Commerce?

Mr. BAKER. I could not tell you without running over the list, and I have none here. Of the First National Bank there are two.

Mr. UNTERMYER. Are there not three?

Mr. BAKER. I do not think so.

Mr. UNTERMYER. Counting yourself?

Mr. BAKER. There are myself and Mr. Hane.

Mr. UNTERMYER. And Mr. Davison; is not he a director of the Bank of Commerce?

Mr. BAKER. Oh, yes.

Mr. UNTERMYER. Is not that right?

Mr. BAKER. Yes.

Mr. UNTERMYER. Have you any objection, Mr. Baker, to furnishing the committee with a list of your holdings of stocks in banks and trust companies?

Mr. BAKER. Yes.

Mr. UNTERMYER. You have?

Mr. BAKER. Yes.

Mr. UNTERMYER. Do you mean, as an officer of a national bank, that you object——

Mr. BAKER. Oh, I thought you meant my personal holdings.

Mr. UNTERMYER. Yes; as an officer of a national bank, do you object to disclosing your holdings in other banks that are potential competitors of the bank of which you are an officer?

Mr. BAKER. I do not as an officer, but I do as an individual.

Mr. UNTERMYER. Yes.

Mr. BAKER. I object to it as immaterial. I will answer any question as to any single institution, if there is anything you want to know about it. I do not want to conceal anything, and I have nothing to conceal; but as to giving you a list of my holdings, I do not want to do it any more than I would want to give you my tailor's bill.

Mr. UNTERMYER. You do not see any distinction, do you, as the head of the First National Bank, between disclosing the names of other institutions in which you are interested that are potential competitors with the First National Bank and telling the committee what your tailor's bill is?

Mr. BAKER. No.

Mr. UNTERMYER. You see no distinction?

Mr. BAKER. Practically none.

Mr. UNTERMYER. Practically none whatever?

Mr. BAKER. But if there is anything of importance in that, that would pertain to it, I would not hesitate to give it to you—the same as I was perfectly willing to give you all the information as to the Chase Bank, which I do not think you were entitled to.

Mr. UNTERMYER. Let us see about that. The Chase Bank is a national bank, is it not?

Mr. BAKER. Why, certainly. I will not dispute that with you. You probably think the other way and I think that way, but I am perfectly willing to concede my opinion.

Mr. UNTERMYER. We do not concede the importance of the concession.

Mr. BAKER. If you will ask it, I will do it very willingly.

Mr. UNTERMYER. Do you not concede that Congress may insist on knowing whether one national bank controls another national bank directly or indirectly?

Mr. BAKER. No; and there is no reason why they should and no reason why a bank could not control another, either.

Mr. UNTERMYER. That is, according to your point of view, there is no reason why one national bank in the City of New York should not control all the others, is there?

Mr. BAKER. All of them?

Mr. UNTERMYER. Yes, sir.

Mr. BAKER. For the simple reason that it is an impossibility.

Mr. UNTERMYER. I say, there is no reason in logic that you can see, is there?

Mr. BAKER. That is carrying it so far that I would not say.

Mr. UNTERMYER. You would see a reason against that, would you not?

Mr. BAKER. Yes; I think I would.

Mr. UNTERMYER. Where would you draw the line?

Mr. BAKER. I can not tell you.

Mr. UNTERMYER. How is the committee to know the extent to which banks or interests in one bank control other banks, unless you will disclose your interest in the other banks?

Mr. BAKER. I do not believe it ever will know.

Mr. UNTERMYER. You do not think it ever will?

Mr. BAKER. No, sir.

Mr. UNTERMYER. And you are determined that it shall not know?

Mr. BAKER. No; I would just as lief have them know.

Mr. UNTERMYER. Why should they not find out?

Mr. BAKER. Well, I do not believe they can.

Mr. UNTERMYER. You mean you will not tell them what you know?

Mr. BAKER. Oh, I think I am misunderstanding your question.

Mr. UNTERMYER. What I am asking you is this——

Mr. BAKER. I thought you were asking about all the banks being owned by one bank. I am a little bit deaf.

Mr. UNTERMYER. Would you rather sit up here?

Mr. BAKER. No; you speak loud enough, but I did not catch a word.

Mr. UNTERMYER. You hear my questions, do you?

Mr. BAKER. Yes.

Mr. UNTERMYER. If you do not, will you let me know?

Mr. BAKER. Oh, yes.

Mr. UNTERMYER. What the committee wants is a list of your holdings in banks other than the First National Bank. I meant of your holdings and the banks in which you have these holdings. Now, do you object to giving that information?

Mr. BAKER. I think I do, Mr. Untermyer. I do not think you ought to ask it. There is not anything in it——

Mr. UNTERMYER. I would rather not have a discussion about it.

Mr. BAKER. Well, I do not——

Mr. UNTERMYER. Because we would never get through.

Mr. BAKER. All right. I object to giving it.

Mr. UNTERMYER. You object to giving it?

Mr. BAKER. That is entirely a personal matter. I have told you already——

Mr. UNTERMYER. I will ask you, then, whether you will decline to furnish to the committee a list of your holdings in other banks in the city of New York that are potentially competitive with the First National Bank? Would you like to consult counsel on that before answering?

Mr. BAKER. No; I am just trying to think of it.

Mr. UNTERMYER. Would you like to consult with Senator Spooner—with your counsel?

The witness here consulted with his counsel.

Mr. BAKER. I do not want to dispute with the committee. I do not think you ought to ask the question. My remembrance is that I have 5,000 shares in the Bank of Commerce, and I have——

Mr. UNTERMYER. No; the point is this. Are you willing to furnish the committee with a list of your holdings——

Mr. BAKER. I am giving it to you right now.

Mr. UNTERMYER. You are going to give them all right now?

Mr. SPOONER. Do you include State banks?

Mr. UNTERMYER. Yes.

Mr. SPOONER. And State trust companies?

Mr. UNTERMYER. Yes. Would you not prefer to furnish that in the form of a list?

Mr. BAKER. No; because I think I can give it to you by thinking a moment or two.

Mr. UNTERMYER. We would like to have it precisely. You can prepare it over night and furnish it in the morning and have it precise.

Mr. BAKER. I could not prepare it over night. I do not know whether we could get it or not. I could give it to you practically.

Mr. UNTERMYER. No; I prefer to have it accurately, Mr. Baker, because in the excitement of testifying you might forget some.

Mr. BAKER. No.

Mr. UNTERMYER. And I would rather have you, if you will, make certain; and you can send it to us from New York, if you please. You may send it on from New York, if you choose.

Mr. FISHER A. BAKER. I think we had better have it in now. I think it is better for the witness to put that in now before this committee.

Mr. UNTERMYER. Will the witness put that in in the morning?

Mr. BAKER. I think I can give it now.

Mr. FISHER A. BAKER. If the question is asked by the committee, it may go on the record.

Mr. BAKER. The principal holding is 4,900 shares of the Bank of Commerce.

Mr. UNTERMYER. You have not yet told us of your holdings in the Chase Bank, have you? Your individual holdings?

Mr. BAKER. Oh, yes; I did. There are 50 shares.

Mr. UNTERMYER. That is in addition to what you hold through the Security?

Mr. BAKER. Yes. I hold 1,500 shares in the Bankers Trust Co.

Mr. UNTERMYER. That is in addition to the holding through the Security?

Mr. BAKER. Yes. I am simply giving my own personal holdings.

Mr. UNTERMYER. Yes.

Mr. BAKER. I hold 1,000 shares in the Guaranty and 250 shares of the New York Trust.

Mr. UNTERMYER. That is in addition to the Security?

Mr. BAKER. Yes; all these are in addition to that.

Mr. UNTERMYER. How about the Liberty Bank?

Mr. BAKER. I have not any holding there.

Mr. UNTERMYER. Are you not a director there?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Is Mr. Hine a director there?

Mr. BAKER. Yes; he is. In the Farmers' Loan I have a small amount—two or three hundred shares—and in the Astor Bank. Those two I can not give accurately.

Mr. SPOONER. Give them approximately, subject to correction.

Mr. UNTERMYER. The Liberty Bank has two directors who are directors in your bank, has it not?

Mr. BAKER. Yes; two or more. I do not know. Mr. Davison is a director there. There are two that I have not given you.

Mr. UNTERMYER. Yes.

Mr. BAKER. The Farmers' Loan and the Astor National Bank—somewhere about 250 shares each.

Mr. George F. Baker, jr., handed a memorandum to the witness.

Mr. BAKER. I will give you this a little more correctly now. The holding in the Bank of Commerce is 4,600 shares, in the Farmers' Loan 100 shares, and in the Astor 350 shares.

Mr. UNTERMYER. Have you now stated your entire individual holdings in banks and trust companies in New York?

Mr. BAKER. In New York City you mean?

Mr. UNTERMYER. Yes.

Mr. BAKER. Yes.

Mr. UNTERMYER. Have you holdings in banks outside of New York?

Mr. BAKER. No.

Mr. UNTERMYER. None at all?

Mr. BAKER. I do not believe I can think of a single one.

Mr. UNTERMYER. The Security has, has it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Did the Mutual Life Insurance Co. have a large holding in the Bank of Commerce?

Mr. BAKER. Yes.

Mr. UNTERMYER. The proof here shows that it parted with one-half of those holdings.

Mr. BAKER. Yes.

Mr. UNTERMYER. Do you remember the circumstances under which that took place?

Mr. BAKER. Yes.

Mr. UNTERMYER. Were you a party to that transaction?

Mr. BAKER. No.

Mr. UNTERMYER. You were not?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You were on the finance committee of the company, were you not?

Mr. BAKER. I thought you meant personally. Yes; I probably voted for it, if I was there at the meeting. I do not happen to remember.

Mr. UNTERMYER. Do you remember when it took place?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Do you remember that at the same time the Equitable Life parted with about half of its holdings?

Mr. BAKER. Yes.

Mr. UNTERMYER. In the Bank of Commerce?

Mr. BAKER. Yes.

Mr. UNTERMYER. Were you a party to the arangement by which that was brought about?

Mr. BAKER. I bought that stock; yes, sir.

Mr. UNTERMYER. You mean you bought the Equitable stock?

Mr. BAKER. Yes.

Mr. UNTERMYER. And Mr. Stillman bought the Mutual?

Mr. BAKER. Yes.

Mr. UNTERMYER. That was done at the same time, was it not?

Mr. BAKER. Somewhere near the same time; whether it was exactly the same or not I do not remember.

Mr. UNTERMYER. The transactions were initiated at the same time, were they not, with the two insurance companies?

Mr. BAKER. Practically; within a few days. I do not remember exactly.

Mr. UNTERMYER. Do you remember in what year that took place?

Mr. BAKER. Two or three years ago. I can not remember.

Mr. UNTERMYER. It was in 1911, was it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Who first suggested that arrangement?

Mr. BAKER. The purchasing of the Bank of Commerce?

Mr. UNTERMYER. Yes.

Mr. BAKER. I guess it would be pretty hard to tell who first suggested it. May I consult counsel about another point?

Mr. UNTERMYER. No, Mr. Baker.

Mr. SPOONER (after a pause). Have you decided whether the witnes can speak to his counsel or not?

Mr. UNTERMYER. Do you mean, to refresh his recollection?

Mr. SPOONER. He asked if he might speak to his counsel.

Mr. UNTERMYER. Yes.

Mr. BAKER (after consulting counsel). I do not recollect that, Mr. Untermyer. I can not tell you.

Mr. UNTERMYER. Were you a party to the conferences, if there were any, that resulted in this arrangement to take one-half of the holdings of these two insurance companies?

Mr. BAKER. Undoubtedly. I do not remember——

Mr. UNTERMYER. Who were associated with you in those conferences?

Mr. BAKER. I think some of the Morgan people and Mr. Stillman.

Mr. UNTERMYER. Mr. Morgan and his firm were already largely interested in the Bank of Commerce at that time, were they not?

Mr. BAKER. Yes. He has been identified with the Bank of Commerce for a great many years. I do not know whether the firm had any interest or not.

Mr. UNTERMYER. So was Mr. Stillman?

Mr. BAKER. I do not know.

Mr. UNTERMYER. Were you interested in the Bank of Commerce prior to that time?

Mr. BAKER. Yes.

Mr. UNTERMYER. How much stock had you held prior to the time when you received the stock from the Equitable?

Mr. BAKER. I do not remember; but I do not believe it was over a thousand shares.

Mr. UNTERMYER. Your purchase from the Equitable was the purchase of 15,250 shares, or something of that kind, was it not?

Mr. BAKER. That was practically it.

Mr. UNTERMYER. Did you buy that for the joint account of yourself and others?

Mr. BAKER. Not for joint account; no, sir; I distributed some of it. I did not keep it all.

Mr. UNTERMYER. You bought in with others—in conjunction with others?

Mr. BAKER. Yes.

Mr. UNTERMYER. And the stock of the Mutual was bought in the same way, was it not?

Mr. BAKER. I presume so. I never asked Mr. Stillman what he did with it. He may have it all to-day, or he may not. I do not know.

Mr. UNTERMYER. What did you do with yours?

Mr. BAKER. I distributed some of it. You saw where I gave five thousand of it to the security company.

Mr. UNTERMYER. Yes.

Mr. BAKER. I kept 5,000 or more myself and gave my daughter 500 shares of it.

Mr. UNTERMYER. Was any distributed among other people down in Wall Street?

Mr. BAKER. I think Mr. Hine bought a little, and I think some of the others bought a little, too.

Mr. UNTERMYER. Did J. P. Morgan or J. P. Morgan & Co. get any of that additional stock?

Mr. BAKER. I do not think so.

Mr. UNTERMYER. Did they not get part of it that Mr. Stillman purchased?

Mr. BAKER. I do not know, sir.

Mr. UNTERMYER. Do you know about it?

Mr. BAKER. I rather think they did.

Mr. UNTERMYER. Do you not know how much they got of the Stillman purchase?

Mr. BAKER. No, sir; I do not.

Mr. UNTERMYER. What was the understanding on which Mr. Stillman took stock at the same time you took the stock from the Equitable?

Mr. BAKER. I could not tell you; that is, I do not say that I will not tell you, but I do not remember.

Mr. UNTERMYER. You do not know?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Did you and he discuss the subject?

Mr. BAKER. I think very likely.

Mr. UNTERMYER. Was the purchase of that stock the result of an understanding between you and him and others?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Who were the others?

Mr. BAKER. Some of the people at Mr. Morgan's.

Mr. UNTERMYER. Who?

Mr. BAKER. I can not remember whether it was Mr. Morgan himself or Jack—I mean Mr. J. P. Morgan, jr.—or some others; I do not remember.

Mr. UNTERMYER. Then the purchase altogether amounted to about 42,200 shares, did it not, from the two companies?

Mr. BAKER. Yes.

Mr. UNTERMYER. What arrangement was there as to the distribution of that stock; how it should be distributed between Messrs. Morgan and Stillman and yourself?

Mr. BAKER. I can not remember that there was any in particular. I disposed of mine as I have told you, and that is as near as I can remember. I can account for the bulk of it.

Mr. UNTERMYER. Was there or was there not talk about the distribution of that 42,000 shares?

Mr. BAKER. There may have been, but I do not remember.

Mr. UNTERMYER. You do not remember whether there was or not?

Mr. BAKER. No, sir.

Mr. UNTERMYER. And you can not tell what Messrs. Morgan & Co. agreed to take before the stock was bought?

Mr. BAKER. I do not know whether they agreed to take any. I think Mr. Morgan took 10,000 shares, probably, from Mr. Stillman.

Mr. UNTERMYER. Before you bought the stock between you, these three interests, was there not some understanding, and if so, what was it, as to the way it should be divided up?

Mr. BAKER. Possibly there was, but I do not remember clearly enough to answer the question intelligently to you. I am willing to

admit, if it is of any interest to the committee, that there was an understanding and that we were to take it for joint account.

Mr. UNTERMYER. The committee would rather not have any admissions that do not agree with your recollection, if you have no recollection of it at all.

Mr. BAKER. I have not a definite enough recollection to state under oath.

Mr. UNTERMYER. Is it your impression that there was an understanding that it was purchased for joint account?

Mr. BAKER. Yes.

Mr. UNTERMYER. Between those three interests?

Mr. BAKER. Yes; that it would be divided. I do not think they were for joint account.

Mr. UNTERMYER. You mean the method of division was another matter?

Mr. BAKER. Yes.

Mr. UNTERMYER. Was there any discussion or understanding at that time as to how much you then owned between those three interests?

Mr. BAKER. I do not think so. I can not recall that, except that I have an indistinct recollection of somebody saying, or Mr. Morgan saying, that he had 7,000 shares—the firm or himself—I think it was himself.

Mr. UNTERMYER. Mr. Ryan had a large interest, had he not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Was that acquired, too?

Mr. BAKER. I do not remember about that.

Mr. UNTERMYER. Did you three gentlemen acquire part of it?

Mr. BAKER. No, sir; I did not have any interest in it.

Mr. UNTERMYER. If those two gentlemen did, you do not know whether there was any interest?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You have not heard of any?

Mr. BAKER. No, sir. I always heard that his interest went to Mr. Harriman.

Mr. UNTERMYER. What is that?

Mr. BAKER. I always heard that a large part of his interest went to Mr. Harriman. I do not know, though.

Mr. UNTERMYER. You mean in the Bank of Commerce?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Was that while he and Mr. Harriman owned a proportion of the Equitable stock?

Mr. BAKER. I do not know. I have always heard that Mr. Harriman bought a large interest in the Bank of Commerce.

Mr. UNTERMYER. You remember that Mr. Harriman insisted on Mr. Ryan giving him one-half of his Equitable stock?

Mr. BAKER. I have seen that stated.

Mr. UNTERMYER. What?

Mr. BAKER. I have seen that stated.

Mr. UNTERMYER. Do you not know that?

Mr. BAKER. I do not know.

Mr. UNTERMYER. Have you not talked with Mr. Ryan or Mr. Harriman about it?

Mr. BAKER. I never mentioned it to either of them.

Mr. UNTERMYER. I understood you had made this arrangement with Messrs. Morgan & Co., Mr. Stillman, and yourself to take one-half the holdings of these two companies in the Bank of Commerce. Will you tell me why you took the Equitable stock and Mr. Stillman took the other stock?

Mr. BAKER. The reason I took the Equitable was that I was prohibited, practically, from buying the Mutual Union stock.

Mr. UNTERMYER. You mean the Mutual Life?

Mr. BAKER. The Mutual Life.

Mr. UNTERMYER. You were prohibited from buying the Mutual Life?

Mr. BAKER. I did not want to trade with myself.

Mr. UNTERMYER. Yes. You were the head of the finance committee?

Mr. BAKER. I was on the finance committee, and would have been selling to myself.

Mr. UNTERMYER. That is the reason you had Mr. Stillman buy that and you bought the other?

Mr. BAKER. I did not have Mr. Stillman do it. He is quite capable of doing things himself.

Mr. UNTERMYER. But it was done pursuant to a joint arrangement?

Mr. BAKER. Yes.

Mr. UNTERMYER. What was the different moral aspect, if there was any moral aspect to it, between you three gentlemen getting together and arranging to buy the stocks of both of these companies, having him buy the Mutual stock and you buy the Equitable stock, and your buying the Mutual stock?

Mr. BAKER. I do not know. We never discussed that.

Mr. UNTERMYER. You do not see any difference, do you? The difference was in form?

Mr. BAKER. One was perfectly proper and the other might be criticized.

Mr. UNTERMYER. One was proper in form and the other might be subject to comment. Is that right? Did it occur to you at the time you were buying from the Equitable that you had a contingent interest in the Equitable?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You had such an interest, had you not?

Mr. BAKER. Such an interest as has been developed, yes.

Mr. UNTERMYER. And Mr. Stillman also had an interest in the Equitable of that character?

Mr. BAKER. Yes. I do not believe there was anything in any law that would prohibit a stockholder—even if I had been a stockholder, which I was not—having an interest or buying from the Equitable.

Mr. UNTERMYER. I am not criticising your action at all, Mr. Baker, or characterizing it. I am merely trying to get at the facts. At that time you had given Mr. Morgan this letter, had you not?

Mr. BAKER. I do not think so.

Mr. UNTERMYER. Yes.

Mr. BAKER. If you say so perhaps it is right.

Mr. UNTERMYER. When was this Bank of Commerce transaction?

Mr. BAKER. You told me a few minutes ago. I do not remember.

Mr. UNTERMYER. The arrangement of the Equitable with Mr.

Morgan was in March or April, 1911, was it not? Was the Bank of Commerce transaction before that or after?

Mr. BAKER. I think it must have been after that.

Mr. UNTERMYER. You mean the arrangement with Mr. Morgan for the Equitable?

Mr. BAKER. Yes.

Mr. UNTERMYER. Have you any way of fixing it approximately?

Mr. BAKER. No; I have not.

Mr. UNTERMYER. Was it more than a year ago?

Mr. BAKER. I should think so; yes, sir.

Mr. Morgan's arrangement with the Equitable was more than a year ago.

Mr. UNTERMYER. But I mean the Bank of Commerce arrangement; was that more than a year ago?

Mr. BAKER. Oh, yes; it must have been.

Mr. UNTERMYER. You think it was?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Your recollection is, then, that the Bank of Commerce arrangement was before you gave the letter to Mr. Morgan?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Will you supply us those dates?

Mr. BAKER. I think I can.

Mr. UNTERMYER. You can supply it from your check book, can you not?

Mr. BAKER. I do not think I can. I can find it.

Mr. UNTERMYER. You gentlemen paid for this stock, did you not?

Mr. BAKER. Yes. I can find it.

Mr. UNTERMYER. To whom did you pay?

Mr. BAKER. I paid to the Equitable.

Mr. UNTERMYER. How did you adjust the accounts between you?

Mr. BAKER. I do not remember; but I probably delivered to the others whatever stock I transferred to them and got their checks for it.

Mr. UNTERMYER. Mr. Baker, I call your attention to Judge Day's testimony with respect to this Bank of Commerce transaction.

Mr. BAKER. I am willing to certify to anything that he said.

Mr. UNTERMYER. It may refresh your recollection.

Mr. BAKER. Yes.

Mr. UNTERMYER (reading):

When did you dispose of the remaining 25,000?

That is, the 25,000 that the Equitable sold.

Answer. It was in April, I think, of last year.

Mr. BAKER. It was not 25,000; it was 17,000, was it not? It should be seventeen.

Mr. UNTERMYER. He says it was in April, 1912, that this Bank of Commerce transaction was made. Does that refresh your recollection?

Mr. BAKER. It could not have been that. There must have been an error somewhere. It is longer ago than that, a good deal.

Mr. SPOONER. You can be furnished with the date, Mr. Untermyer.

Mr. UNTERMYER. Coming, now, to this transaction of the Equitable Life. You remember when Mr. Morgan acquired the control from Messrs. Ryan and Harriman, do you not?

Mr. BAKER. Yes, sir.
Mr. UNTERMYER. When was it?
Mr. BAKER. I could not tell you that date.
Mr. UNTERMYER. It was in 1910, was it not?
Mr. BAKER. If that is what you have in your record there, that is correct, I suppose.
Mr. UNTERMYER. I think that is correct. Is that your recollection?
Mr. BAKER. No; it is not my recollection; but it is on the record there.
Mr. UNTERMYER. What is your recollection?
Mr. BAKER. I know it was two or three years ago. That is all.
Mr. UNTERMYER. At the time Mr. Morgan acquired the interest in the Equitable did he consult with you?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. And with Mr. Stillman?
Mr. BAKER. Yes.
Mr. UNTERMYER. Did you all reach any agreement at that time with respect to the division of interest?
Mr. BAKER. I do not think so.
Mr. UNTERMYER. What is your recollection?
Mr. BAKER. It was one of those generous things that Mr. Morgan thought he wanted to do, and we felt that we should back him up in it. That is about the sum and substance of it. We knew there was no money or profit in it and probably a large loss.
Mr. UNTERMYER. The question was, whether at the time Mr. Morgan acquired that interest he consulted with you gentlemen. You say he did?
Mr. BAKER. Yes. We used to consult together a great deal about things at that time, and the time after the panic, for several years.
Mr. UNTERMYER. This was in 1910, was it? That was three years after the panic.
Mr. BAKER. Yes.
Mr. UNTERMYER. And you kept on consulting with one another after the panic?
Mr. BAKER. We did, until Mr. Stillman went to Europe to live, and Mr. Morgan is there most of the time—more than half of the time, too—so that we do not get the opportunity.
Mr. UNERMYER. When he is here, you and he consult together all the time about matters in which you are jointly interested, do you not?
Mr. BAKER. Frequently.
Mr. UNTERMYER. You have very large and extensive joint interests, have you not?
Mr. BAKER. No; I do not think so.
Mr. UNTERMYER. You and Mr. Morgan's firm have not?
Mr. BAKER. No.
Mr. UNTERMYER. Do you know in how many corporations you are jointly interested?
Mr. BAKER. I can not think of one.
Mr. UNTERMYER. Can you not? We will come to that in a moment.
Mr. BAKER. If I understand your question properly.
Mr. UNTERMYER. Do you know how many financial issues you have made together, in which you have been underwriters?
Mr. BAKER. I do not. I do not recollect.

Mr. UNTERMYER. Should you say that there were 56 transactions of large magnitude in 26 corporations?

Mr. BAKER. I should not be surprised.

Mr. UNTERMYER. Within the past few years?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. You and Mr. Morgan's firm are jointly interested, are you not, in the anthracite coal carrying roads?

Mr. BAKER. I did not know that we were; no, sir.

Mr. UNTERMYER. You did not?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You are joint directors, are you not?

Mr. SPOONER. You mean it takes two of them to make a director?

Mr. UNTERMYER. Are you not joint directors?

Mr. BAKER. I would like to have you explain what you mean by joint directors?

Mr. UNTERMYER. Directors on the same board.

Mr. BAKER. Oh, yes.

Mr. UNTERMYER. Let us take up that subject for a moment and see whether your memory can not be refreshed.

Mr. BAKER. That is a different question from having a joint interest. I acknowledge right off that I have an interest in the same things with them, but we do not have them jointly.

Mr. UNTERMYER. What you mean is that each of you owns his own interest?

Mr. BAKER. Absolutely independent, free, and clear. I can sell mine and he can sell his.

Mr. UNTERMYER. That is what you meant when you said to me that you and Mr. Morgan were not jointly interested in vast enterprises, is it?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. You did not mean that you were not together interested in vast enterprises?

Mr. BAKER. No. If you own 100 shares in the Jersey Central Railroad, and he owned 100 shares in the Jersey Central Railroad, and I own 100 shares in the Jersey Central Railroad, we three would have the same interest exactly.

Mr. UNTERMYER. Yes; how about your having acquired them together, through joint participations?

Mr. BAKER. That would make no difference; but I do not recollect any at the moment. I do not say that we did not.

Mr. UNTERMYER. We wandered a little off this question of the banks. We will come to the other matters in a little while.

Mr. BAKER. All right, Mr. Untermyer. I do not want to be technical. I would like to answer it in a broad way and say yes.

Mr. UNTERMYER. I understand.

Mr. BAKER. If you think in a way that we were both interested, that we have a joint interest, and that is the way you construe it, I will admit the joint interest—any way you want to construe it.

Mr. UNTERMYER. I have explained what I mean, Mr. Baker. What I meant was to inquire of you as to the various projects that you and Messrs. Morgan & Co. have gone into together, you understand?

Mr. BAKER. Yes.

Mr. UNTERMYER. And in which you both are interested, through your original joint purchase.

Mr. BAKER. All right.

Mr. UNTERMYER. You have made repeated joint purchases, have you not, of securities?

Mr. BAKER. If you have some there, I can answer better.

Mr. UNTERMYER. Do you not know that you and they have gotten up syndicates of all kinds together for the purchase of securities?

Mr. BAKER. Oh, that we have purchased securities together and sold them? Oh, yes.

Mr. UNTERMYER. You have purchased them for joint account?

Mr. BAKER. We have done such things; oh, yes. That is a different thing.

Mr. UNTERMYER. In that way you have become interested in various corporations, have you not? Is not that right?

Mr. BAKER. No; we were not interested. We purchased those securities and sold them.

Mr. UNTERMYER. But you have taken seats on the board, following those purchases, have you not?

Mr. BAKER. I do not recollect such a thing.

Mr. UNTERMYER. We will come to that.

Mr. BAKER. Yes. I will answer any specific question.

Mr. UNTERMYER. That would apply, for instance, to the anthracite roads, would it not?

Mr. BAKER. Yes. I do not think there is any such instance. There is possibly one.

Mr. UNTERMYER. Well, we will take a number of them.

Mr. BAKER. Just state one and I will answer in regard to it. I do not want to put myself in the position of trying to either conceal anything from you that you wish to investigate, or throw you off from any investigation of anything you want to find out about.

Mr. UNTERMYER. I do not charge you with doing that, Mr. Baker.

Mr. BAKER. I know you do not; but I do not want to give you a chance to think it, without charging it.

Mr. UNTERMYER. Will not that depend very much on the way in which you answer the questions?

Mr. BAKER. It will depend more on the way you put them, perhaps.

Mr. UNTERMYER. Have you any complaint to make as to the way in which the questions are being put?

Mr. BAKER. No complaint whatever, Mr. Untermyer.

Mr. UNTERMYER. We will reach that in a little while. I want to ask you further concerning this Equitable Life transaction. Do I correctly understand that at the time Mr. Morgan made the purchase you and Mr. Stillman committed yourselves to take part of it?

Mr. BAKER. That was done so informally——

Mr. UNTERMYER (interrupting). Did you?

Mr. BAKER. Yes. I will say we did.

Mr. UNTERMYER. You were consulted before it was done, and you agreed to take a part of it?

Mr. BAKER. Yes.

Mr. UNTERMYER. Then, following that, about a year later, you were asked to write this letter, were you not, confirming that arrangement?

Mr. BAKER. Yes. Mr. J. P. Morgan, jr., wrote me a letter, and I put my initials at the bottom, saying it was so, or something of that kind.

Mr. UNTERMYER. Have you or Mr. Stillman as yet paid your proportionate share, or been called upon to do so?

Mr. BAKER. Oh, I do not think that is a fair question to ask me, Mr. Untermyer, is it?

Mr. UNTERMYER. I think it is a very fair question and quite an important one.

Mr. BAKER. I think that is a personal matter, but I would not refuse it if the committee wants me to answer it. That is all.

The CHAIRMAN. After a little informal conference among the members of the committee, the committee authorizes me to say that they think this is a matter within the jurisdiction of the committee, and that you should answer the question, inasmuch as you are related to national-banking institutions and a controlling factor, or at least, a large holder.

Mr. SIMMONS. He has already testified, Mr. Chairman, that he is interested in it.

The CHAIRMAN. We think the question is germane.

Mr. SIMMONS. If the committee can afford to ask the question the witness will answer it.

Mr. UNTERMYER. Will you please answer the question, Mr. Baker?

Mr. BAKER. It is so immaterial. I have never been called upon and never have paid a dollar. You put another part to the question there, as to whether Mr. Stillman had. I have nothing to do with his affairs.

Mr. UNTERMYER. You do not know whether Mr. Stillman has been asked to pay and has paid?

Mr. BAKER. I do not.

Mr. UNTERMYER. There has been a credit of this amount and no charge of it in the accounts between you and Messrs. Morgan & Co.?

Mr. BAKER. In no way, directly, indirectly, nor any statement, or anything else about it.

Mr. UNTERMYER. You are simply committed to pay this when you are called on; is that right?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Is there any understanding as to whether you would be called on?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You are trying to get some legislation to mutualize the Equitable, are you not?

Mr. BAKER. That I do not know.

Mr. UNTERMYER (continuing). To get back this money?

Mr. BAKER. I think there is something of that kind, but I do not know.

Mr. UNTERMYER. The idea is to have the Equitable pay out this money and become a mutual company, is it not?

Mr. BAKER. That was Mr. Morgan's idea.

Mr. UNTERMYER. And that has been before the Legislature of New York, has it not?

Mr. BAKER. I do not know. I have the impression that it has, but I do not know. I have never paid any attention to it.

Mr. UNTERMYER. You know something about a mutual life insurance company? You know what mutual life insurance companies are, so far as concerns the participation of the policy holders?

Mr. BAKER. Yes.

Mr. UNTERMYER. You know that they do not, as a rule, take any interest in it?

Mr. BAKER. Not much.

Mr. UNTERMYER. So that if Mr. Morgan and his associates could get back their money by mutualizing the Equitable Life that would not be likely to work any change of control in the Equitable Life, would it?

Mr. BAKER. I imagine not.

Mr. UNTERMYER. Would not the result of that transaction be, then, that they would get back their money and still retain the control of the company?

Mr. BAKER. I do not think they have any control there.

Mr. UNTERMYER. You do not think so?

Mr. BAKER. I do not.

Mr. UNTERMYER. They own a majority of the stock, do they not?

Mr. BAKER. Yes; that is, if they have control, I do not think they have ever exercised it.

Mr. UNTERMYER. I understood you to say you do not know anything about it.

Mr. BAKER. I do not.

Mr. UNTERMYER. Then, you would rather not talk on that subject, would you not?

Mr. BAKER. I can not talk very intelligently on it.

Mr. UNTERMYER. You have said that you were on the finance committee of the Mutual Life. You have been in that position for many years, have you not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Do you remember about how long you have occupied that position?

Mr. BAKER. I am the oldest member of the Mutual Life board. I suppose it must have been over 30 years. I do not mean that I am the oldest in years, but I am the only member living who was there when I went in.

Mr. UNTERMYER. Are you the chairman of the committee?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Who is the chairman of the committee?

Mr. BAKER. I do not think they have any chairman, except as the president always acts as chairman.

Mr. UNTERMYER. Ex officio?

Mr. BAKER. Yes.

Mr. UNTERMYER. You are the ranking member of the finance committee?

Mr. BAKER. We do not have any. I am the oldest member in the respect I have stated.

Mr. UNTERMYER. Have you been very active in the Mutual Life?

Mr. BAKER. Not of late years.

Mr. UNTERMYER. But you were for many years very active in its management, were you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Were you active in its management at the time Mr. McCurdy resigned in 1906, following the revelations of the Armstrong committee?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. He was succeeded by Mr. Peabody, was he not?

Mr. BAKER. He was succeeded by Mr. Peabody; yes, sir.

Mr. UNTERMYER. You are a director of the Adams Express Co., are you not?

Mr. BAKER. Yes; I believe they call them trustees.

Mr. UNTERMYER. You are a trustee of that company, then?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And you are also in the Chicago, Burlington & Quincy Railroad?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Are you also a director of the Northern Pacific?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Is the Chicago, Burlington & Quincy a competitor of the Northern Pacific?

Mr. BAKER. Is the road a competitor?

Mr. UNTERMYER. Yes; they reach competing points, do they not?

Mr. BAKER. Yes; I think so, at some places.

Mr. UNTERMYER. Where do they compete? They compete on the Mississippi River, do they not?

Mr. BAKER. I could not tell you. It is only a question whether they do at one little place—a short road that runs out of Billings. I can not answer that.

Mr. UNTERMYER. They compete on Mississippi River points to Billings and beyond?

Mr. BAKER. I do not know. I can not answer that.

Mr. UNTERMYER. Are you also a director or voting trustee of the Chicago Great Western?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. That is a substantial competitor of the Chicago, Burlington & Quincy, is it not?

Mr. BAKER. Well, I do not know about that.

Mr. UNTERMYER. Do they not compete at Chicago, Kansas City, and Omaha?

Mr. BAKER. I think likely, but I do not know.

Mr. UNTERMYER. You are also a director in the New York Central, are you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. And of the Erie?

Mr. BAKER. Yes.

Mr. UNTERMYER. And of the Lehigh Valley?

Mr. BAKER. Yes.

Mr. UNTERMYER. And of the Delaware, Lackawanna & Western?

Mr. BAKER. Yes.

Mr. UNTERMYER. They are all competitors between New York and [illegible] are they not?

Mr. BAKER. Yes; they try to be, I think.

Mr. UNTERMYER. And you try to be a director of all of them?

Mr. BAKER. Yes.

Mr. UNTERMYER. Are you also a director in the Reading road?

Mr. BAKER. Yes.
Mr. UNTERMYER. And in the Central Railroad of New Jersey?
Mr. BAKER. Yes.
Mr. UNTERMYER. And in the New York, Susquehanna & Western?
Mr. BAKER. I think so; yes.
Mr. FISHER A. BAKER. In the Delaware & Hudson, you mean?
Mr. UNTERMYER. No; not in the Delaware & Hudson; in the New York, Susquehanna & Western.
They are all roads that operate between anthracite mines and tide water, are they not?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. And they are all competitors, are they not?
Mr. BAKER. Yes.
Mr. UNTERMYER. Do you see any impropriety in acting on the boards of competing railroads?
Mr. SPOONER. Is that a question of ethics?
Mr. BAKER. I see a great inconvenience in it, Mr. Untermyer.
Mr. UNTERMYER. You understand, when I asked whether you saw any impropriety, that I meant from the business point of view, in acting on the boards of competing railroads.
Mr. BAKER. If I did I would not do it.
Mr. UNTERMYER. You do not, either, see any such impropriety in acting on the boards of different potentially competing banks, do you?
Mr. BAKER. No, sir; not at all.
Mr. UNTERMYER. Nor of industrial corporations?
Mr. BAKER. No, sir.
Mr. UNTERMYER. Do you think it is perfectly consistent to do so?
Mr. BAKER. And very often very beneficial.
Mr. UNTERMYER. Very beneficial?
Mr. BAKER. Sometimes, to both.
Mr. UNTERMYER. To all the competitors?
Mr. BAKER. To all parties interested; yes, sir.
Mr. UNTERMYER. Suppose all the directors were the same on all the competing railroads, would you think that beneficial to all of them?
Mr. BAKER. I do not know, I am sure. That is too large a question for me to answer.
Mr. UNTERMYER. Suppose a majority of the directors of competing railroads were the same, would you recognize no difficulty, so far as concerns free competition in that situation?
Mr. BAKER. I think now the laws regulate that so well that it would not make much difference.
Mr. UNTERMYER. Your views of that and the view that the law has laid down differ somewhat, do they?
Mr. BAKER. Well, I do not know. I do not know the law closely enough to say.
Mr. UNTERMYER. What I should like to find out, Mr. Baker, is whether you think, from a business point of view, that competition can be quite as freely exercised where there is an identity of directors as where there is a diversity of directors?
Mr. BAKER. I do not see why not. Mr. Jay Gould used to say, and he told me once, that the greatest success he had was in being on two boards, where he could adjust differences that might have created a great deal of disturbance.
Mr. UNTERMYER. You consider him a good authority, do you?

Mr. BAKER. On that business, yes.

Mr. UNTERMYER. You agree with him on that, do you?

Mr. BAKER. That is what he stated was his success, and I believed him.

Mr. UNTERMYER. And that is your view, is it?

Mr. BAKER. It might become so. I never happened to be placed in the position where I had to adjust differences.

Mr. UNTERMYER. But you quoted his view. Is that your view?

Mr. BAKER. I think it might be; yes.

Mr. UNTERMYER. You say that by being on two boards of competing companies, you can adjust differences between the companies. Does that mean that you can regulate competition between the companies?

Mr. BAKER. No, sir; I did not mean that, and I do not think he did, in his statement. It was a question of their getting into a quarrel over something, and being able to get together and settle it and smooth it out.

Mr. UNTERMYER. A quarrel between competitors?

Mr. BAKER. Possibly between competitors, or maybe about something entirely free from competition.

Mr. UNTERMYER. Do you not think that an identity of interest represented on the board of directors between competitors rather interfers with competition and leads to agreements and understandings that would not otherwise exist?

Mr. BAKER. I have never seen any troubles from it.

Mr. UNTERMYER. Yes; but I am not speaking of troubles. I am talking about arrangements.

Mr. BAKER. Well——

Mr. UNTERMYER. Do you not think that that leads to encouraging arrangements between competitors in the restricting of competition?

Mr. BAKER. Oh, I should doubt it. I have never seen anything to that effect.

Mr. UNTERMYER. You think, then, that if two boards of competing railroads are identical, the competition between them would be likely to be just as keen and uncompromising as if they were entirely different?

Mr. BAKER. I have never seen any such instance as that. I should hardly think so.

Mr. UNTERMYER. Are there not some such instances in the anthracite roads, of which you are director?

Mr. BAKER. Not with both boards. There are interests in both boards.

Mr. UNTERMYER. Well, large interests?

Mr. BAKER. There is just as much competition as if there was not any.

Mr. UNTERMYER. You think there is just as much competition, for instance, between the Reading and the Jersey Central as if they did not have the same board?

Mr. BAKER. There is no competition there; they are both parts of the same line.

Mr. UNTERMYER. They are different properties, are they not?

Mr. BAKER. But the Reading owns the Central. It is all one thing.

Mr. UNTERMYER. They own the Jersey Central. There is no competition there, is there?

Mr. BAKER. Oh, no; because they join right together, end to end. The Jersey Central is the 72 miles going into New York City.

Mr. UNTERMYER. I understand; but they were competitors, were they not?

Mr. BAKER. I think they used to go over the line just the same.

Mr. UNTERMYER. What is it?

Mr. BAKER. I think they used to go in over our line just the same. They had trackage rights, I think.

Mr. UNTERMYER. And with those trackage rights between the anthracite mines and tidewater, they were active competitors of the Reading?

Mr. BAKER. I can not remember; but I do not think they were any more than they are now. Each owned their own mines and transported their property from their own mines.

Mr. UNTERMYER. You think the Jersey Central and the Reading are competitors now, do you?

Mr. BAKER. No; not much of any.

Mr. UNTERMYER. But they were at one time, were they not?

Mr. BAKER. No.

Mr. UNTERMYER. You owned the Jersey Central, did you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. You sold it to the Reading?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And they both went from the anthracite mines to tidewater, did they not?

Mr. BAKER. Yes, sir; but they went to different parts of it and each took its own property.

Mr. UNTERMYER. They did not compete at all prior to the combination?

Mr. BAKER. I would not say not at all. They may have competed at some points, but not to a great extent.

Mr. UNTERMYER. And the Erie and the Reading are not competitors, are they?

Mr. BAKER. I do not know about that. Yes; they must be.

Mr. UNTERMYER. What?

Mr. BAKER. I think very likely.

Mr. UNTERMYER. They are?

Mr. BAKER. Yes.

Mr. UNTERMYER. You are on both boards, are you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. And so is Mr. Morgan?

Mr. BAKER. Mr. Morgan?

Mr. UNTERMYER. Yes.

Mr. BAKER. No; I do not think he is on either of them.

Mr. UNTERMYER. Do you know how many directors there are in the Reading?

Mr. BAKER. No.

Mr. UNTERMYER. You do not?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Are there not nine?

Mr. BAKER. I should think about that number.

Mr. UNTERMYER. Are you and your son two of them?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You are one of them, are you not?

Mr. BAKER. Yes.
Mr. UNTERMYER. And Mr. Stotesbury, of Mr. Morgan's firm, is another?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. In the Central Railroad of New Jersey are you a director?
Mr. BAKER. Yes.
Mr. UNTERMYER. Is Mr. Fahnestock, of your bank, a director?
Mr. BAKER. Yes.
Mr. UNTERMYER. Is Mr. Steele, of Messrs. Morgan & Co., a director?
Mr. BAKER. Yes.
Mr. UNTERMYER. And Mr. Stotesbury is a director?
Mr. BAKER. Yes.
Mr. UNTERMYER. How many directors are there in all there?
Mr. BAKER. I have forgotten the number.
Mr. UNTERMYER. There are nine, are there not?
Mr. BAKER. Nine or thirteen.
Mr. UNTERMYER. Who is Mr. Henry Graves?
Mr. BAKER. Well, I do not know whether he has any business or not. He was in the Atlas Cement Co.
Mr. UNTERMYER. Mr. Baer is the president of both those companies, is he not?
Mr. BAKER. Yes.
Mr. UNTERMYER. Are you a director of the Lehigh Valley Railroad?
Mr. BAKER. Yes.
Mr. UNTERMYER. Is Mr. Daniel G. Reid a director?
Mr. BAKER. Yes.
Mr. UNTERMYER. Mr. Charles Steele and Mr. Stotsbury, of Messrs. Morgan & Co., are also directors?
Mr. BAKER. Yes.
Mr. UNTERMYER. In the Delaware, Lackawanna & Western are you a director?
Mr. BAKER. Yes.
Mr. UNTERMYER. Is your son a director?
Mr. BAKER. Yes.
Mr. UNTERMYER. Is Mr. Fahnestock a director?
Mr. BAKER. Yes.
Mr. UNTERMYER. Another Mr. Fahenstock is also a director, is he not?
Mr. BAKER. Yes.
Mr. UNTERMYER. Both of your bank?
Mr. BAKER. No; only one of them.
Mr. UNTERMYER. Both of them are connected?
Mr. BAKER. No; only one is connected?
Mr. UNTERMYER. The other is a son of the elder, is he not?
Mr. BAKER. Yes; a son.
Mr. UNTERMYER. And Mr. Stillman is also a director, is he?
Mr. BAKER. Yes.
Mr. UNTERMYER. Are you a director in the Erie road?
Mr. BAKER. Yes.
Mr. UNTERMYER. Is Mr. Hamilton, of Messrs. Morgan & Co., also a director?

Mr. BAKER. Yes.
Mr. UNTERMYER. And Mr. Steele, of Morgan & Co., is a director?
Mr. BAKER. Yes.
Mr. UNTERMYER. And Mr. Stetson is a director?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. In what way is he connected with Messrs. Morgan & Co.?
Mr. BAKER. I can not tell you what the relation is. He is counsel for them in a number of matters. He is general counsel for the Erie Railroad, too.
Mr. UNTERMYER. Is Mr. Charles A. Peabody a director of the Erie?
Mr. BAKER. I think he is.
Mr. UNTERMYER. And Mr. George W. Perkins? Was Mr. Perkins a director when he was in Messrs. Morgan's firm? Did he not become a director while he was a partner of the firm of J. P. Morgan & Co.?
Mr. BAKER. I have forgotten; but I think so. If you have a list of them, that is undoubtedly correct.
Mr. UNTERMYER. Now, about the New York, Susquehanna & Western; that is another coal road?
Mr. BAKER. That is a little branch of the Erie. It is the same thing.
Mr. UNTERMYER. Let us see about it. You are a director there?
Mr. BAKER. Yes.
Mr. UNTERMYER. And Mr. Davison, of Morgan & Co., is a director?
Mr. BAKER. I do not know who the directors are there.
Mr. UNTERMYER. Mr. Steele and Mr. Stetson are also directors?

There was no answer.

Mr. UNTERMYER. What is your answer?
Mr. BAKER. You asked me if Mr. Steele and Mr. Stetson are directors. I do not remember who were the directors in that, and I do not think we have had any meeting in so long that I have forgotten.
Mr. UNTERMYER. You say the New York, Susquehanna & Western has not had any directors' meetings for a long time?
Mr. BAKER. I have not happened to be at one for some time; that is what I will say.
Mr. UNTERMYER. Do you know whether they have held any?
Mr. BAKER. It seems to me I had notice of one the other day, but I was not there.
Mr. UNTERMYER. That is another coal road, is it not?
Mr. BAKER. That is a little branch of the Erie?
Mr. UNTERMYER. Where does it go from?
Mr. BAKER. I could not tell you; I know so little about it.
Mr. UNTERMYER. How long have you been a director?
Mr. BAKER. I do not know that.
Mr. UNTERMYER. A great many years?
Mr. BAKER. No. They have only owned it a few years.
Mr. UNTERMYER. Who has only owned it a few years?
Mr. BAKER. The Erie, I think. No, they have owned it a number of years.
Mr. UNTERMYER. What is the length of that road?

Mr. BAKER. I do not know.
Mr. UNTERMYER. You do not know how long it is?
Mr. BAKER. No; I do not.
Mr. UNTERMYER. Or from where, or where it goes?
Mr. BAKER. No.
Mr. UNTERMYER. Or anything about it?
Mr. BAKER. I know very little about it.
Mr. UNTERMYER. Or how many years you have been a director?
Mr. BAKER. No, sir.
Mr. UNTERMYER. Does not this little road run from the anthracite mines at Wilkes Barre to Edgewater, N. Y.?
Mr. BAKER. I think very likely, but I could not tell you.
Mr. UNTERMYER. About 200 miles, is it not?
Mr. BAKER. I could not tell you.
Mr. UNTERMYER. What?
Mr. BAKER. I do not remember.
Mr. UNTERMYER. It goes from the mines to tidewater, does it not?
Mr. BAKER. I could not even tell you that.
Mr. UNTERMYER. It is a potential competitor of the Erie, is it not?
Mr. BAKER. It is not now. The Erie owns it.
Mr. UNTERMYER. It is not now, but it was until the Erie owned it, was it not?
Mr. BAKER. I do not know. I know very little about it, so that I can not answer intelligently any question regarding it.
Mr. UNTERMYER. Would not a railroad that went from the anthracite field to tidewater be a competitor of every other road that goes from the anthracite field to tidewater?
Mr. BAKER. Not necessarily. It might carry the coal of its own mines, or of mines connected with it.
Mr. UNTERMYER. It would have power to carry anybody's coal to tidewater, would it not?
Mr. BAKER. Yes; only there is not much of anybody's to carry except those connected with the different roads.
Mr. UNTERMYER. You mean that the roads own their own mines?
Mr. BAKER. They either own them or have affiliations with them.
Mr. UNTERMYER. They either own them or have a right to the output?
Mr. BAKER. They used to own them, but under the new law they do not own them.
Mr. UNTERMYER. They used to own them until the new law fixed it so that they had to have affiliations with them, and then they formed the Temple Iron Co.?
Mr. BAKER. That did not have much to do with it.
Mr. UNTERMYER. They did form the Temple Iron Co., did they not?
Mr. BAKER. Yes.
Mr. UNTERMYER. Tell us how they fixed it when the new law came so that they could continue to control the output, but yet not violate the law by owning the mines?
Mr. BAKER. They organized a coal company and bought the whole output right at the mouth of the mines.
Mr. UNTERMYER. And when the new law came along they organized a separate company of the coal properties and they took stock in the company; is that it?

Mr. BAKER. No; they organized what you might call a sales company, and they bought the whole output of the mine.

Mr. UNTERMYER. Yes; they just whipped the devil around the stump in that way?

Mr. BAKER. If that is the way you want to put it.

Mr. UNTERMYER. I see. The railroad company still owns the mines, does it not?

Mr. BAKER. There is only one case I know of, or possibly two; the Lackawanna, and, I think, the Delaware & Hudson. I am not certain.

Mr. UNTERMYER. They own the mines and sell the output at the mines?

Mr. BAKER. Yes.

Mr. UNTERMYER. That is the way they get around the law?

Mr. BAKER. No; that is the way to comply with the law.

Mr. FISHER A. BAKER. The Supreme Court held that it was a compliance.

Mr. UNTERMYER. I forgot to ask you whether you are also a director of the Lehigh & Wilkes-Barre Coal Co.?

Mr. BAKER. Yes.

Mr. UNTERMYER. That is a subsidiary of the Jersey Central?

Mr. BAKER. Yes.

Mr. UNTERMYER. And you are also a director in the Pennsylvania Coal Co.?

Mr. BAKER. Yes.

Mr. UNTERMYER. That is a subsidiary of the Erie Railroad?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Have you any personal knowledge of the transaction by which the Pennsylvania Coal Co. was sold to the Erie road?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You did not take part in that?

Mr. BAKER. No, sir.

The CHAIRMAN. I hope that it will not result in inconvenience, but I have some business matters to attend to this afternoon, and I will have to ask a recess of the committee until to-morrow at 11 o'clock.

At 3.50 o'clock p. m. the committee adjourned until to-morrow, Friday, January 11, 1913, at 11 o'clock a. m.

EXHIBIT No. 194, JANUARY 9, 1913.

FIRST NATIONAL BANK OF THE CITY OF NEW YORK.

Capital, net profits, and dividends for each year since organization.

Year.	Capital.	Net profits.	Dividends.
1863	$300,000	$13,016	None.
1864	500,000	266,905	$130,000
1865	500,000	207,171	100,000
1866	500,000	187,458	100,000
1867	500,000	57,807	50,000
1868	500,000	146,900	100,000
1869	500,000	173,105	125,000
1870	500,000	64,337	260,000

Capital, net profits, and dividends for each year since organization—Continued.

Year.	Capital.	Net profits.	Dividends.
1871	$500,000	$98,237	$110,000
1872	500,000	281,929	175,000
1873	500,000	242,816	75,000
1874	500,000	62,123	60,000
1875	500,000	277,280	60,000
1876	500,000	146,914	110,000
1877	500,000	753,227	60,000
1878	500,000	379,602	295,000
1879	500,000	1,345,530	600,000
1880	500,000	913,239	200,000
1881	500,000	977,969	450,000
1882	500,000	510,372	200,000
1883	500,000	370,397	200,000
1884	500,000	308,444	200,000
1885	500,000	739,844	200,000
1886	500,000	1,036,773	200,000
1887	500,000	732,669	200,000
1888	500,000	907,584	300,000
1889	500,000	573,435	500,000
1890	500,000	1,049,991	500,000
1891	500,000	831,177	500,000
1892	500,000	724,131	500,000
1893	500,000	544,562	500,000
1894	500,000	532,577	500,000
1895	500,000	357,996	500,000
1896	500,000	402,638	500,000
1897	500,000	487,551	500,000
35 years	.....	16,605,526	9,060,000
1898	500,000	979,244	500,000
1899	500,000	1,032,895	500,000
1900	500,000	2,154,301	500,000
1901	500,000	12,906,357	10,750,000
1902	10,000,000	3,415,749	2,000,000
1903	10,000,000	2,744,170	2,000,000
1904	10,000,000	3,443,562	2,000,000
1905	10,000,000	4,669,719	2,625,000
1906	10,000,000	5,330,207	2,675,000
1907	10,000,000	3,378,393	3,200,000
1908	10,000,000	10,677,092	12,600,000
1909	10,000,000	4,305,268	2,800,000
1910	10,000,000	3,627,463	2,800,000
1911	10,000,000	4,374,886	3,800,000
1912	10,000,000	[1] 2,474,805	[1] 2,100,000
15 years	.....	65,504,091	50,850,000

Year.	Surplus.	Surplus and profits.	Year.	Surplus.	Surplus and profits.
1863	None.	None.	1888	$5,000,000	$5,542,865
1864	None.	$13,016	1889	5,000,000	6,150,063
1865	$100,000	149,922	1890	5,000,000	6,223,498
1866	200,000	257,092	1891	5,000,000	6,773,489
1867	300,000	344,552	1892	5,000,000	7,104,670
1868	300,000	359,279	1893	5,000,000	7,254,551
1869	400,000	405,550	1894	5,000,000	7,299,113
1870	450,000	451,921	1895	5,000,000	7,331,690
1871	250,000	254,967	1896	5,000,000	7,189,685
1872	250,000	257,287	1897	5,000,000	7,092,323
1873	350,000	361,886	1898	5,000,000	7,079,874
1874	500,000	521,128	1899	5,000,000	7,559,118
1875	500,000	515,250	1900	5,000,000	7,964,632
1876	300,000	415,773	1901	5,000,000	7,484,767
1877	300,000	413,000	1902	10,000,000	11,641,124
1878	800,000	1,039,668	1903	10,000,000	13,056,873
1879	1,000,000	1,132,443	1904	10,000,000	13,801,043
1880	1,500,000	1,826,911	1905	10,000,000	15,244,605
1881	2,000,000	2,540,150	1906	15,000,000	17,289,324
1882	2,500,000	3,018,121	1907	15,000,000	19,944,531
1883	3,000,000	3,328,602	1908	15,000,000	20,122,924
1884	3,000,000	3,498,698	1909	15,000,000	18,200,017
1885	3,000,000	3,784,142	1910	15,000,000	19,706,295
1886	4,000,000	4,223,423	1911	15,000,000	20,533,749
1887	5,000,000	5,060,196	1912	15,000,000	20,896,827

[1] To Dec. 24, 1912.

EXHIBIT No. 195, JANUARY 9, 1913.

[First security final. 14 Feb., 1908.]

This agreement made this 14th day of February, 1908, by and between George F. Baker, Harris C. Fahnestock, Francis L. Hine, Henry P. Davison, George F. Baker, jr., and Charles D. Backus (hereinafter designated Trustees), parties of the first part; and J. Pierpont Morgan, James J. Hill, William H. Moore, James A. Blair, John J. Mitchell, Arthur C. James, Fisher A. Baker, and others (hereinafter designated as Stockholders), parties of the second part.

Whereas each and every of the parties of the first part is an officer of the First National Bank of the City of New York (hereinafter designated the Bank), and each and every of the parties of the second part is a stockholder of the Bank; and

Whereas the Bank, being organized under the national banking corporation act of Congress, is limited in its power to acquire and to hold real estate, securities, stocks, and other property; which limitation of power is embarrassing to the conduct of the legitimate business of the Bank, and of business properly incidental thereto, and operates to the pecuniary disadvantage of the stockholders of the Bank; and

Whereas the parties hereto are advised and believe that the inconvenience and loss thus resulting from such limitation of the corporate power, lawfully and properly may be avoided by the organization and maintenance of a business corporation (hereinafter designated the Security Company) under the laws of the State of New York, for the purpose of acquiring, holding, and selling securities; in which Security Company after the lawful organization thereof officers or directors of the Bank shall be the directors, and, as joint tenants and not as tenants in common, shall be stockholders, in such way, however, that the beneficial interest resulting from such stock (but not the right to vote) may accrue continuously and irrevocably to such persons assenting thereto as from time to time shall be registered stockholders of the Bank or of its successor, severally and respectively, in proportion to their registered holdings of the stock of the Bank or of its successor; and

Whereas, to the end above stated, it is desired that all of the Stockholders of the Bank shall enter into a written agreement for the preparation and consummation of a plan for the organization of the Security Company, with power to purchase, hold, and sell securities, and for the patrons of the Bank to conduct certain lines of business which, though often transacted by bankers, are not expressly included within the corporate powers of banks; and also by such written agreement to provide for the ownership of the stock of the Security Company and for the management of its affairs:

Now, therefore, in consideration of the premises, and of the mutual promises herein contained, and of the expected performance thereof, and of the sum of one dollar by each of the parties to the other in hand paid, the receipt whereof is hereby acknowledged, all of the parties hereto, severally and respectively—that is to say, the trustees with the stockholders, and the stockholders with the trustees, and each and every of the stockholders with each and every other stockholder—mutually do promise, consent, and agree as follows, to wit:

First. The parties of the first part and their successors may and shall take, or shall cause to be taken, such proceedings as by counsel learned in the law shall be advised to be proper to organize under the business corporations law of the State of New York a Security Company, with a capital stock of $10,000,000, such corporation to be organized and to be maintained and managed substantially as hereinafter provided; and the several and respective rights of the parties hereto, and of their successors in interest, in, to, and over such Security Company, and its capital stock, shall be such as are hereinafter indicated, to wit:

1. The name of the corporation shall be First Security Company.

2. The capital stock of the Security Company shall be ten million dollars divided into one hundred thousand equal shares, each of the par value of one hundred dollars.

3. The shares of the capital stock of the Security Company after organization so far as may be under the laws of New York, may be and shall be subscribed for by the parties of the first part or their successors as joint tenants and not as tenants in common, and payment therefor shall be made as hereinafter provided. After such payment, so far as may be under the laws of New York, the capital stock of the Security Company principally, if not exclusively,

from time to time shall be so transferred, that at all times
this agreement, the same shall be held by, and be regis-
the Security Company in the names of, the persons who,
then shall be directors or officers of the Bank or of its
as joint tenants and not as tenants in common. Except
provided such persons at all times may and shall
powers of absolute owners of such stock, but never-
possess and shall exercise such powers in trust, and
be indemnified against any and all personal liability
any one or more of such joint tenants (also herein-
cease to be a director or to hold his said office in
of death, disability, resignation, or otherwise, shall
as one of such joint tenants hereunder, then and
ipso facto he shall cease to be one of such joint tenants,
ing shall be filled by the writing of the surviving
an officer or director of the Bank as aforesaid, and
rector or officer ceasing to act, in the capital stock
ipso facto, shall pass to and shall vest in the officer
jointly with the other joint tenants.

tal stock of the Security Company may be made by
the extent of a special or extra dividend hereafter to
shares of the Bank out of the surplus or net profits of
amount equal at least to the said capital stock of the
the event that within one year from the date hereof
dend shall be declared and shall be paid by the Bank,
successors in behalf of the stockholders of the Bank,
have power to receive and to receipt for their several
dividend and to apply the same in payment for the capital
Company. To that end each and every of the stockholders,
sell, assign, transfer, and set over unto the said
their successors, and the survivors of them in office, as
tenants in common, all his right, title, and interest in
or special dividend, to be used and applied in making
of the Security Company.

of the organization of the Security Company each and
subscribers hereto, will and shall present to the
as hereinafter provided, his outstanding certificate
and then and thereupon and until the termination of this
be placed upon such Bank stock certificate and upon each
certificate thereafter issued in lieu and substitution there-
the following indorsement, to wit:

[Form of indorsement.]

of the within certificate is entitled, for and in respect
of stock of the First National Bank of the city of New
, to share equally and ratably with all other holders
the Bank similarly indorsed, according to their several
profits and, in case of dissolution, in the distribu-
the First Security Company, a corporation of the State of
and in pursuance of a certain written agreement dated Feb-
George F. Baker and others, Trustees, and J. Pierpont
Stockholders; such interest of the owner of the within
other like certificates, similarly indorsed, being subject to
and limitations of said agreement, such ratable interest
ratably only by the transfer upon the books of the
of the shares of the stock in the Bank represented by a
bearing this indorsement; and all of the interest in and
said Security Company or its capital stock, represented by
bearing this indorsement, shall pass ratably with and
of such shares of the Bank represented by such Bank
upon transfer thereof upon the books of the Bank, and
Security Company attached to any share of the Bank shall
in connection with such transfer of such Bank stock.
the within certificate or any transferee of any share thereby
shall be entitled in lieu thereof to demand or to receive from the
certificate except with this indorsement thereon; and a transfer

of any share of Bank stock represented by the within Bank stock certificate shall be made by any holder thereof only to a transferee accepting therefor a new certificate bearing his indorsement.

No right to vote upon or in respect of any stock of the Security Company passes to or shall be exercised by the holder of the within certificate, such voting right being reserved to and by the Trustees or their successors.

_____ _____,
_____ _____,
_____ _____,
Trustees.
By _____ _____, *Agent.*

6. From and after the placing of such indorsement upon any Bank stock certificate, the registered holder thereof shall be invested with such rights and with only such rights in respect of the Security Company or of its capital stock as are indicated in this agreement or in such indorsement, and shall have no right to vote any stock of the Security Company, which right to vote is and shall be reserved exclusively to and by the Trustees and their successors.

7. No person who at the time shall not be a director of the Bank, or of its successor as aforesaid, shall be eligible for the office of director of the Security Company; and if, after election, any such director of the Security Company for any cause shall cease to be a director of the Bank, or of its successor, ipso facto he shall cease also to be a director of the Security Company.

Second. 1. In consideration of the execution and of the expected performance of this agreement by the stockholders, the Trustees have become parties hereto and each of them will present his Bank stock certificates for indorsement under the plan herein proposed.

2. The Trustees and their successors, as joint tenants and not as tenants in common, will accept, and faithfully and regularly will discharge, the duties assumed and imposed under this agreement in respect of the Security Company and of the capital stock thereof, and will receive and will make payment for such capital stock out of the extra or special dividend by them to be received from the Bank on account of the stockholders thereof, subscribers hereto, severally and respectively, according to their ratable interests; and from time to time they will cause to be indorsed upon each and every certificate of stock of the Bank duly presented for such purpose the statement or indorsement hereinbefore set forth.

3. During the continuance of this agreement, the Trustees and their successors, as joint tenants and not as tenants in common, but without personal liability as stockholders, shall possess and will exercise all of the rights and powers of absolute owners of capital stock of the Security Company, except as otherwise herein provided, and except also to the extent and in so far as they shall receive express directions in writing signed by the holders of at least two-thirds in interest of the certificates of stock of the Bank then outstanding and so indorsed, to which written directions they will and shall conform; it being expressly understood and agreed that in any and all particulars the provision of this agreement and of the certificate of incorporation of the Security Company may be and shall be amended wherever and as often as the holders of such two-thirds interest shall assent to the action of the Trustees or of a majority of them in making such amendment.

4. At any and all times when, as stockholders of the Security Company, the Trustees or their successors shall receive dividends either from the profits of the said company, or, upon final dissolution thereof, from its capital stock, they will, upon the day of their receipt thereof, pay the same over to the Bank, or its successor as aforesaid for the time being, for immediate distribution by the Bank to, among, and between the holders of the Bank stock certificates bearing indorsement as aforesaid, and ratably according to their interest in the recorded ownership of such shares of stock of the Bank, or its successor for the time being subject to this agreement.

5. In each instance the Trustees shall take from the Bank or from its successor, as the case may be, its written receipt for any dividend so paid over, and its undertaking promptly to distribute as aforesaid the funds so received, which receipt and undertaking shall be a good and sufficient voucher and discharge for the Trustees in respect to any and all dividends by them so received and paid over.

shall be so
during the
tered on t
severally
successors
as herei
exercise
theless
shall be
as stock
after
the Ba
cense
in every
and a
joint
all th
of the
or di

4. I
the
be d
Ba
Se
suc
the
su
sh
st
s
p
j
a
l

e
;

substantially as follows:

s of First Security Company,
February 14, A. D. 1908, be-
arties of the first part, and
e First National Bank of the
——— dollars, being the total
stock this day paid by the

by the undersigned for immediate
holders of the undersigned in
tively of the stock of the under-
orth in said agreement.

become impracticable to distribute
Bank, as above proposed, then the
e each dividend as and when re-
o receive the same if the distribu-
e proposed.
sts herein created shall continue to
e bank, namely, the president, the
rustee shall have ceased to be such
death, disability, or resignation, shall
e hereunder, then, and in every such
rustee shall be vacant; and during any
ute all the trusts imposed hereunder
me to time in the number of trustees
ing trustees, designating to fill such
the bank the position of president, of
erson so designated shall be vested with
and privileges as are given to a trustee

compensation of the Trustees and the
of its organization, including the prepa-
munification of the Trustees against any
under or in respect of any action by any
e hereof, shall be borne and be paid by
the interests therein of the parties of the
and assigns, including any person who here-
under the provisions of article seventh

or in respect of this agreement, or of the
the holders of such indorsed Bank stock
me to time by a majority of the Trustees
with or without meeting; and in like man-
action, and they and each of them may
y to any other Trustee or to any person
from time to time they may appoint. Any
by delivering his written resignation to the

time will exercise their best judgment in
Security Company so that its affairs may be
matter which may come before them; but
respect of such management or in respect of
determination, and they may vote for them-
to be filled by their vote in consequence
that, except for his own gross negligence
incurs or shall incur any responsibility by
or omitted under this agreement.
in respect of any stock of the Security Com-
by any party, or by the transferee of any
the recorded stockholders of the Security

agreement at all times shall be on file in the office of
inspection by any stockholder thereof or by any
party hereto; and any and every registered

holder of stock of the Security Company, or of an indorsed Bank stock certificate, shall be entitled to become party hereto.

But any registered holder of a Bank stock certificate not indorsed as aforesaid prior to September 1, 1908, may, in respect of such stock, thereafter become party hereto only upon and by delivering to the Trustees for indorsement his Bank stock certificate and paying to them for delivery to the Security Company a sum to be determined by the Trustees for each and every share of stock represented by such certificate. In each and every such case the Trustee shall subscribe and shall pay for such number of shares of the unissued stock of the Security Company as the moneys received shall permit, at such rate per share as shall be determined by the Trustees; and the stock received from the Security Company upon such subscription by the Trustees shall be held by them in the same manner and upon the same conditions as the stock by them originally subscribed and paid for pursuant to this agreement.

This agreement shall continue to be operative and to be in full force and effect for the term of five years from the day when the same shall become effective, and thereafter until the same shall have been terminated by the written direction of the holders of two-thirds in interest of the stock certificates of the Bank or of its successor, indorsed as aforesaid.

Eighth. Upon the termination of this agreement, the shares of stock of the Security Company shall be distributed ratably to and among the holders of record of the stock certificates of the said Bank, or of its successor, as aforesaid, then outstanding and indorsed as aforesaid, in proportion to their said several holdings.

Ninth. This agreement shall bind and benefit not only the subscribers hereto, but also the successors in office of the Trustees and the assignees and the transferees of every Bank stock certificate indorsed as hereinbefore provided.

Tenth. This agreement may be executed in several counterparts, of which each one so executed shall be deemed to be an original, and all such counterparts together shall constitute but one and the same instrument.

In witness whereof the several parties have hereunto set their hands in the city of New York, the day and year first above mentioned.

_____ _____,
_____ _____,
_____ _____,
Trustees.

Stockholders.	Shares of stock.

EXHIBIT No. 196, JANUARY 9, 1913.

[First Security Co. 5 Feb., 1908.]

CERTIFICATE OF INCORPORATION OF FIRST SECURITY COMPANY.

STATE OF NEW YORK, *County of New York, ss:*

We, the undersigned, Fisher A. Baker, Francis L. Hine, and George F. Baker, jr., all being of full age and being citizens of the United States, and all being residents of the State of New York, for the purpose of forming a business stock corporation, pursuant to and in conformity with the laws of the State of New York, do hereby make, sign, acknowledge, certify, and set forth as follows:

First. The name of the proposed corporation is First Security Company.

Second. The objects for which the corporation is formed are as follows:

To acquire by purchase or otherwise, and to hold, improve, develop, use, lease, sell, exchange, or otherwise deal with or dispose of real and personal property of any character, and also letters patent, patent rights, or other property or rights

To acquire by purchase, subscription, or otherwise and to sell and deal in stock, bonds, notes, or any evidence of indebtedness of any corporations or cor-

porations, or of any individual or individuals, or of the United States, or of any State, county, or municipality herein; to hold for investment or otherwise, and to use, sell, or otherwise dispose of any stock, bonds, notes, or evidences of indebtedness; to do any acts or things for the preservation, protection, improvement, or enhancement of the value of any such stock, bonds, notes, or other evidences of indebtedness held by it; and to aid in any manner any corporation or association of which any bonds, notes, or other securities or evidences of indebtedness, or stock, are so held; and, while owner of any such stock, bonds, notes, or other evidences of indebtedness, to exercise all the rights, powers, and privileges of ownership, including the right to vote thereon.

To purchase or otherwise to acquire, and to hold for investment or otherwise, and to sell and to deal in, any bonds or notes or loans secured by mortgage or other lien on real property, or by pledge of personal property; and to lend money upon mortgage on real property or upon pledge or hypothecation of personal property or choses in action.

The business or purpose of the corporation is from time to time to do any one or more of the acts and things herein set forth either as principal or as agent for any other corporation or any individual; and the corporation may conduct its business in other States and in foreign countries, and have one or more offices out of the State of New York, and may hold, purchase, mortgage, and convey real and personal property outside of the State of New York:

Provided, however, That nothing herein contained shall be construed as including in the business or purpose of the corporation the transaction of the business of banking, or as constituting the corporation a railroad corporation or a transportation corporation, or as contemplating the acquisition or the holding of the capital stock of a railroad corporation, street railroad corporation, or other common carrier in contravention of law.

Without in any particular limiting any of the objects or powers of the corporation, it is hereby expressly declared and provided that the corporation shall have power to issue bonds and other evidences of indebtedness in payment for property purchased or acquired by it, or for any other object in or about its business; to sell or to mortgage or to pledge any stocks, bonds, or other evidences of indebtedness or other property which may be acquired by it; to make and to perform contracts of any kind or description, and, in carrying on its business, or for the purpose of attaining or furthering any of its objects, to do any and all other acts and things and to exercise any and all other powers which a copartnership or natural person could do or exercise and which now or hereafter may be authorized by law.

It is the intention that, except as otherwise expressed in this section, the objects above specified shall be in nowise limited or restricted by reference to or inference from the terms of any other article, clause, or paragraph in this certificate.

Third. The amount of the capital stock of said corporation is one thousand dollars ($1,000).

Fourth. The number of shares of which said capital stock shall consist is ten (10), each of which is of the par value of one hundred dollars ($100). The amount of capital with which said corporation will begin business is one thousand dollars ($1,000).

Fifth. The principal business office is to be located in the Borough of Manhattan, in the city of New York.

Sixth. The duration of said corporation shall be perpetual.

Seventh. The number of directors of the said corporation is three.

Eighth. The names and post-office addresses of the directors for the first year are as follows:

Francis L. Hine, New York City, N. Y.
George F. Baker, jr., New York City, N. Y.
Fisher A. Baker, New York City, N. Y.

Ninth. The names and post-office addresses of the subscribers of this certificate and the number of shares of stock which each agrees to take in said corporation are as follows:

	Shares.
Francis L. Hine, New York City, N. Y.	4
George F. Baker, jr., New York City, N. Y.	3
Fisher A. Baker, New York City, N. Y.	3

Tenth. No director need be a holder of the capital stock of the company. No person who at the time shall not be a director of the First National Bank of the City of New York or of its successor shall be eligible for the office of di-

rector of the company; and if, after election, any such director of the company, for any cause, shall cease to be a director of the bank, or of its successor, ipso facto he shall cease also to be a director of the company. In case of any vacancy in the board of directors through death, resignation, disqualification, or other cause the remaining directors, by vote of a majority of the board of directors, may elect a successor to hold office for the unexpired portion of the term of the director whose place shall be vacant and until the election of a successor.

The board of directors shall have power to hold their meetings outside the State of New York at such places as from time to time may be designated by the by-laws or by resolution of the board. The by-laws may prescribe the number of directors necessary to constitute a quorum of the board of directors, which number may be less than a majority of the whole number of directors but not less than the number required by law.

Any officer elected or appointed by the board of directors may be removed at any time by vote of a majority of the whole board of directors. Any other officer or employee of the company may be removed at any time by vote of the board of directors, or by any committee or by any superior officer upon whom such power of removal may be conferred by the by-laws or by the vote of the board of directors.

The board of directors, by vote of a majority of the whole board, may appoint from the directors such committees as they may deem judicious; and to such extent as shall be provided in the said resolution or in the by-laws of the company, may delegate to such committees all or any of the powers of the board of directors which may be lawfully delegated, and such committees shall have, and thereupon may exercise, all or any of the powers so delegated to them.

The board of directors may appoint not only the officers of the company, but also one or more vice presidents, one or more assistant treasurers, and one or more assistant secretaries; and to the extent provided in the by-laws the persons so appointed, respectively, shall have and may exercise all the powers of the president, of the treasurer, and of the secretary, respectively.

Any director may vote or may act in behalf of this company in contracting with any other company, notwithstanding he may be a director or a stockholder therein. Any act or contract ratified by a majority of a quorum of the stockholders, at an annual meeting or a special meeting, shall be as binding as though ratified by every stockholder.

The company as permitted by law may purchase, acquire, hold, and dispose of the stock and bonds and other evidences of indebtedness of any corporation, domestic and foreign, and in exchange therefor may issue its own stock, bonds, and other obligations.

The board of directors may make by-laws, and, from time to time, may alter, amend, or repeal any by-laws; but any by-law made by the board of directors may be altered or repealed by the stockholders at any annual meeting or at any special meeting, provided notice of such proposed alteration or repeal shall be included in the notice of such meeting.

In witness whereof, we have made, signed, and sealed this certificate in duplicate the 4th day of February, 1908.

FISHER A. BAKER. [L. S.]
FRANCIS L. HINE. [L. S.]
GEORGE F. BAKER, Jr. [L. S.]

STATE OF NEW YORK,
County of New York, ss:

On the 4th day of February, 1908, before me personally came Fisher A. Baker, Francis L. Hine, and George F. Baker, jr., to me personally known and known to me to be the individuals described in and who executed the foregoing certificate, and they severally acknowledged to me that they executed the same.

[SEAL] THOMAS T. GRACE,
Notary Public, New York County.

(Indorsed on back:) First Security Company. Certificate of Incorporation. Dated 4th February, 1908. Filed Feb. 7, 1908, at Albany. Filed Feb. 10, in New York. Capital increased to $10,000,000 and paid in.

×

MONEY TRUST INVESTIGATION

INVESTIGATION

OF

FINANCIAL AND MONETARY CONDITIONS IN THE UNITED STATES

UNDER

HOUSE RESOLUTIONS NOS. 429 AND 504

BEFORE A

HOUSE

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY

PART 21

WASHINGTON
GOVERNMENT PRINTING OFFICE
1913

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY

HOUSE OF REPRESENTATIVES.

ARSÈNE P. PUJO, Louisiana, *Chairman.*

WILLIAM G. BROWN, West Virginia.	GEORGE A. NEELEY, Kansas.
ROBERT L. DOUGHTON, North Carolina.	HENRY McMORRAN, Michigan.
HUBERT D. STEPHENS, Mississippi.	EVERIS A. HAYES, California.
JAMES A. DAUGHERTY, Missouri.	FRANK E. GUERNSEY, Maine.
JAMES F. BYRNES, South Carolina.	WILLIAM H. HEALD, Delaware.

R. W. FONTENOT, *Clerk.*

A. M. MCDERMOTT, *Assistant Clerk.*

MONEY TRUST INVESTIGATION.

SUBCOMMITTEE OF THE
COMMITTEE ON BANKING AND CURRENCY,
HOUSE OF REPRESENTATIVES,
Washington, D. C., Friday, January 10, 1913.

The subcommittee met at 11 o'clock a. m.

Present: Messrs. Pujo (chairman), Stephens, Daugherty, Byrnes, Neeley, and Heald.

Present also: Samuel Untermyer, Esq., of New York City, counsel for the committee.

The CHAIRMAN. The committee will come to order and the taking of testimony will be resumed.

Mr. UNTERMYER. Mr. Baker, will you please resume the stand.

TESTIMONY OF MR. GEORGE F. BAKER—Continued.

Mr. BAKER. Mr. Untermyer, may I be allowed to make a little statement?

Mr. UNTERMYER. Yes.

Mr. BAKER. You presented me before the public as such a great director man, more than I realized myself, that I would just like to interject here that I never have become a director or a voting trustee from solicitation of my own; it has all come to me, rather——

Mr. UNTERMYER. You recognize, Mr. Baker, that we have just begun to examine you as to your directorships. Do you know how many you have?

Mr. BAKER. I know I have too many.

Mr. UNTERMYER. Do you know how many?

Mr. BAKER. No.

Mr. UNTERMYER. Have you got 25?

Mr. BAKER. I guess so.

Mr. UNTERMYER. Have you got 50?

Mr. BAKER. There must be 25 in the Jersey Central and those little companies.

Mr. UNTERMYER. Outside of the Jersey Central and outside of the Reading and outside of the anthracite roads, do you know how many directorships you have?

Mr. BAKER. No; I do not know. I have never counted them up.

Mr. UNTERMYER. You were asked to supply the committee with a list giving your directorships.

Mr. BAKER. Was it not done?

Mr. UNTERMYER. No; it was not done.

Mr. SPOONER. What is that?

Mr. UNTERMYER. The witness was asked to supply the committee some time ago with a list of the corporations in which he and other directors of the First National were directors.

Mr. SPOONER. Including churches?

Mr. UNTERMYER. We would like to have this proceeding conducted with as much decorum as possible, Senator Spooner.

Mr. SPOONER. I would like to have it so conducted.

Mr. UNTERMYER. I call your attention, Mr. Baker——

Mr. BAKER. Mr. Untermyer, I think that was supplied. I remember seeing one with something of the sort given out.

Mr. UNTERMYER. We have not seen any such list.

Mr. BAKER. My son says it was forwarded.

Mr. UNTERMYER. You did supply, did you not, a list without stating which of the officers or directors were directors in each of the different corporations given. [Handing witness paper.] Is this the list you supplied and the only one?

Mr. BAKER. That is correct, Mr. Untermyer, and that was the way we understood the question.

Mr. UNTERMYER. This paper will be marked as an exhibit.

The statement referred to was marked Exhibit No. 197 and will be found set forth at the end of to-day's record.

Mr. UNTERMYER. You understood, did you not, that the letter called for information of business and financial corporations?

Mr. BAKER. I can not remember that.

Mr. UNTERMYER. After striking out from the list the three which I have stricken out, which are not financial and business corporations, you find that here are 88 corporations shown on the list in which the members of your board of the First National Bank are also directors?

Mr. BAKER. Yes, sir. This is not only mine, but the other members of the board?

Mr. UNTERMYER. Yes.

Mr. BAKER. Yes; that is right.

Mr. UNTERMYER. Have you not prepared a list of the corporations, business and financial, in which you are a director?

Mr. BAKER. Not separately. This is the only one.

Mr. UNTERMYER. Does that list also show by a red cross opposite the names those corporations in which you and Mr. Morgan, or a member of the firm of J. P. Morgan, are both directors?

Mr. BAKER. No, sir; I think not. The first one I strike is the Baldwin Locomotive Co. I am not a director in that.

Mr. UNTERMYER. Well, does not that red mark indicate the instances in which one of your directors in the First National, together with Mr. Morgan, or a member of the firm of J. P. Morgan & Co., are both both directors in the same corporation? The note at the bottom says so.

Mr. BAKER. Oh, yes, sir. In those that I had run down I did not see it.

Mr. UNTERMYER. How many such corporations are there shown by this?

Mr. BAKER. I do not know. I have not examined it.

Mr. UNTERMYER. There are 37.

Mr. BAKER. Thirty-seven. I will accept your figures.

Mr. UNTERMYER. You just referred to the Baldwin Locomotive Works as being one of the companies in which you are not a director?

Mr. BAKER. Yes.

Mr. UNTERMYER. And in which a member of the firm of Morgan & Co. is a director?

Mr. BAKER. I am quite certain there is one of our board in there.

Mr. UNTERMYER. Which member of your board is, with a member of the firm of J. P. Morgan & Co., on the board of the Baldwin Locomotive Works?

Mr. BAKER. Mr. Morton.

Mr. UNTERMYER. Your vice president?

Mr. BAKER. Yes.

Mr. UNTERMYER. Is it or not the fact that both he and one of the Morgan partners went on that board following the flotation of an issue of securities for the Baldwin Locomotive Co. by the First National and Morgan & Co.?

Mr. BAKER. I think I was in Europe at the time. I think that is so.

Mr. UNTERMYER. Do you not know that your bank and Messrs. Morgan & Co. floated that issue?

Mr. BAKER. Yes. But who was in the board I do not happen to know.

Mr. UNTERMYER. Was it an issue of preferred stock?

Mr. BAKER. I do not know that.

Mr. UNTERMYER. Do you know how much it was?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Will you furnish the committee a list of the business and financial corporations in which you are a director?

Mr. BAKER. Is not that sufficient?

Mr. UNTERMYER. No; that is not sufficient, because that includes other directors in your bank and not yourself alone.

Mr. BAKER. Yes.

Mr. FISHER A. BAKER. He can give that from that paper, Mr. Untermyer, as well as to have a long tale——

Mr. UNTERMYER. Mr. Baker, do you think you could take up this list and state each instance in which you yourself are a director?

Mr. BAKER. Yes.

Mr. UNTERMYER. From the list?

Mr. BAKER. Yes, sir; I think I could. I could just make a check mark against that.

Mr. UNTERMYER. If you will do that at the recess, make a dagger mark (†) on Exhibit 197, against each of the corporations in which you are a director, that will be considered as your answer on that subject.

Mr. BAKER. All right, sir. I will be very glad to do it.

Mr. UNTERMYER. Have you brought here a copy of the resolutions from the minutes of the meetings of the directors of the First National Bank and of the First Security Co. relating to the organization of those companies, and the relations existing between them, and the manner in which the stock of the company was to be held?

Mr. BAKER. Did we not make a reply to you about that, Mr. Untermyer?

Mr. UNTERMYER. No; there has been no reply on that subject so far as I know, and I would like to have you produce, as requested in the letter of December 24, a copy of the resolutions.

Mr. FISHER A. BAKER. The question that was put to us, as I remember it, was this: "Is there any resolution?" And the answer was that there was no resolution.

Mr. UNTERMYER. Mr. Baker will have to answer these questions.

The CHAIRMAN. I have permitted you to finish the sentence, but I wish to say this: Yesterday I had not been informed that you were of counsel for the witness, and I want to publicly make the statement that I would not have used the expression I did use otherwise. The rule of the committee, however, is this, which we had to adopt to expedite the proceedings: This being an investigation and not a trial, the witness has the right when a question is propounded, and before he declines to answer it or announces his position, to talk or confer with counsel if he so desires, with reference to a declination.

It has been announced through counsel for the committee, acting under instructions of the committee, that when an examination is concluded, if counsel for a witness desires to ask any further questions germane to the testimony brought out, they will be submitted to the committee through the chairman and propounded by the committee; that being the rule of the House, as understood.

Mr. FISHER A. BAKER. Thank you.

The CHAIRMAN. Furthermore, a witness has a right to answer a question categorically—yes or no, or that he does not know, or to explain any matter relative to the question that he has been asked. We are trying to follow the rules of law in the matter.

Mr. SPOONER. That is entirely fair.

The CHAIRMAN. And we have also extended this further privilege: If, at the end of his examination, the witness desires to make any statement relative or germane to his testimony, that privilege will be accorded to him.

Mr. UNTERMYER. I understand that if a witness wants to read over the minutes of his testimony and then make any explanation or correction, he is at liberty to do so?

The CHAIRMAN. He is at liberty to do so, and to correct his testimony.

Mr. BAKER. I have no doubt that you will make everything as right as you can.

Mr. UNTERMYER. I would like to have a copy of any resolutions of the meeting of the board of directors of the First National Bank or the First Security Co. relating to the organization of either company. Will it be produced?

Mr. FISHER A. BAKER. It can be produced, but my memory is that it has already been answered—that there was no resolution in one company and that the other one had no reference to the matter except that the First National Bank should be the depository. If I am wrong about that——

Mr. UNTERMYER (interposing). Whatever resolution there is on the books of the bank relating to the transaction, or on the books of the security company, we would like to have. Do you know whether there is any, Mr. Baker?

Mr. BAKER. I think there is none, unless it is just possibly a perfunctory one like that, saying who shall be the depositary.

Mr. UNTERMYER. Were you not also asked to produce a list of the pools, syndicates, and joint accounts for the purchase and sale of securities with which the First National Bank has been connected or identified, as a member or party, or with which the First Security Co. has been connected or been a party from the time of its organization in 1908, together with the date of the transaction, the amount of the securities involved in the transaction, and the amount of the participation of the bank or the security company?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Have you prepared such a statement?

Mr. BAKER. No, sir; I have not.

Mr. UNTERMYER. Also a statement of whether the bank or the security company was an original promoter or underwriter or syndicate manager in the acquisition or sale of the particular security in any of the cases in which the securities were offered for sale, either by circular or advertisement, and whether by the bank alone or in conjunction with others. In all cases in which there was a public offering over the name of the bank, either alone or with others, the committee desires a copy of the circular or advertisement. Particular attention is called to the request for the names of the persons with whom such transactions were had in joint account and the proportion of the interested parties.

You remember such a request being contained in the letter of December 24, 1912, do you not?

Mr. BAKER. I remember some letter; yes.

Mr. UNTERMYER. Was that fully considered by you with counsel?

Mr. BAKER. It was considered by us with counsel, and we are advised by them that that is our own private affair that we are not called upon to give, and there is a question whether I have the right to give. This information is all in the possession of the Government, and if the Government wants it——

Mr. UNTERMYER. You do not mean to say that the information as to the syndicates and promotions of the First National Bank that were made by public advertisement are matters of private concern, do you?

Mr. BAKER. Not if you mean just the lists; but when you ask who the parties in interest are, and all that, we do.

Mr. UNTERMYER. Do you mean to say that you take that view, that when a national bank undertakes to be a syndicate promoter, and offers securities to the public, either alone or jointly with others, that a committee of Congress ought not to have the right to investigate such classes of business by a national bank?

Mr. BAKER. We are so advised.

Mr. UNTERMYER. You are advised that Congress has no such right, are you?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And therefore you decline to produce that information, do you?

Mr. SPOONER. He did not say that he was advised that Congress had no power to do it.

Mr. UNTERMYER. Are you advised that this committee has no power to require any information from your bank concerning promoting and syndicate transactions by a national bank, alone or jointly with others?

Mr. BAKER. Yes, sir; that is right.

Mr. UNTERMYER. You are so advised?

Mr. BAKER. Yes.

Mr. UNTERMYER. And, acting on that advise, do you decline to give to the committee information as to the syndicate transactions of your bank in the promotion and public offering and sale of securities?

Mr. BAKER. If it was limited to that I do not know whether we would have a right to do it or not, but I would do it.

Mr. UNTERMYER. But the question is, among the information called for here is data concerning the promotion enterprises of the First National Bank as a promoter of securities, alone and jointly with others. Now, in your judgment, and upon the advice you have gotten, do you not think that this committee is entitled to that information?

Mr. BAKER. May I confer a moment about that?

Mr. UNTERMYER. Certainly.

Mr. SPOONER. When you speak of the "promoter," do you mean the issuer?

Mr. UNTERMYER. Yes; in cases in which it is the issuing house, and in cases in which it buys and sells securities, either alone or jointly with others.

Mr. SPOONER. That does not mean promotor, does it? In the sense in which you use the word? I do not mean to be technical about it. I want the witness to understand exactly what you want.

Mr. UNTERMYER. The committee wants a record of all promotion and syndicate transactions of the First National Bank, followed by the issue of securities, either alone or jointly with others, and wants the names of those with whom those transactions were in joint account.

Mr. Chairman, Senator Spooner suggests that we pass this question, so that these gentlemen can confer during the recess.

The CHAIRMAN. That will be perfectly agreeable to the committee.

Mr. UNTERMYER. We will go on with something else.

The CHAIRMAN. Yes; let us go on, to expedite the examination.

Mr. UNTERMYER. Yes.

Mr. BAKER. I want to do anything that I can that the committee or counsel want.

Mr. UNTERMYER. I would rather have the facts than the expression of willingness accompanied by a refusal of the facts.

Mr. SPOONER. He has been pretty frank, has he not?

Mr. FISHER A. BAKER. He is not the president of the bank and he is not an officer.

The CHAIRMAN. We will continue with the examination. Let us proceed in an orderly way and get through with the examination.

Mr. UNTERMYER. You furnished the committee, did you not, Mr. Baker, with a statement of the bank's deposits, balances of deposit year by year?

Mr. BAKER. That is furnished by the officers of the bank. I believe that was furnished. I did not pay much attention to that.

Mr. UNTERMYER. We will offer that in evidence.

The paper referred to was marked "Exhibit No. 198," and will be found at the end of to-day's proceedings.

Mr. BAKER. I assume that to be correct, Mr. Untermyer.

Mr. UNTERMYER. Do you know what the deposits were at the last date at which they were made up?

Mr. BAKER. No, sir.

Mr. UNTERMYER. How frequently are they made up?

Mr. BAKER. Every day.

Mr. UNTERMYER. About what are your deposits?

Mr. BAKER. About a hundred million.

Mr. UNTERMYER. And of that——

Mr. BAKER. That information was requested. I did not know that I was expected to answer, and I suppose it came to the bank and some of the officers made it up. I am not very familiar with the details of the bank as to such things as that for the last four or five years.

Mr. UNTERMYER. Of this one hundred millions or thereabouts of deposits, how much of it consisted of bonds carried by interstate corporations on February 1, 1912?

Mr. BAKER. I could not tell you unless the information was given to me.

Mr. UNTERMYER. And how much consisted of bonds carried by them on November 1, 1912? [Handing witness paper.]

Mr. BAKER. Do you want me to read the amount?

Mr. UNTERMYER. Yes; just read the figures.

Mr. BAKER. On January 1, 1912, we had 155 accounts of interstate corporations with balances amounting to $32,426,854.48. You want the other dates, too?

Mr. UNTERMYER. I think those are all that are there. Are there any other dates there?

Mr. BAKER. There is one in November.

Mr. UNTERMYER. Yes, if you will give us that.

Mr. BAKER. November 1 we had 149 accounts amounting to $29,656,227.44. We are unable to state the resources. I see this letter is from Mr. Hine. I do not think I ever saw it before.

Mr. UNTERMYER. Do you also want to consider during recess the question as to the transactions of the First Security Co. as well as those of the First National Bank in promotion of syndicate operations in the purchase and sale of securities?

Mr. BAKER. If you desire that I should do so.

Mr. UNTERMYER. Yes. I find that there are a number of subjects about which you were inquired of yesterday, or which you touched upon yesterday, about which it will be necessary to ask you a few more questions. Referring again to this question of the publicity of the assets of a bank, and as bearing on the advisability of publicity, would it or not, in your opinion, act as a deterrent against the acquisition of bad or doubtful assets by a bank and lead to a higher grade of investment if it were necessary to have publicity as to the character of investments?

Mr. BAKER. I do not think it would in regard to national banks.

Mr. UNTERMYER. You do not? Do you not know that where there have been failures of national banks, it has been found that their character of investments has been such that would not have been tolerated if it had been known?

Mr. BAKER. I guess that is correct; but the man that would do that kind of work would cover it up some other way, I am afraid.

Mr. UNTERMYER. You think if they had to make a report intemizing their bond and stock holdings, that they could still cover it up?

Mr. BAKER. Well, I do not know whether I am familiar with that kind of business.

Mr. UNTERMYER. Well, the suggestion was yours and not mine, about their ability to cover it up.

Mr. BAKER. They are generally pretty smart fellows.

Mr. UNTERMYER. What, in your judgment, would be the effect of such publicity in deterring the officers of the bank and the directors from borrowing the bank's money?

Mr. BAKER. From what?

Mr. UNTERMYER. From borrowing the bank's money or from the loaning upon securities in corporations in which they were interested, would it, in your judgment, be a deterrent against things of that kind to have publicity?

Mr. BAKER. I have not any opinion on that.

Mr. UNTERMYER. No opinion whatever as to the effect of publicity on that class of transactions?

Mr. BAKER. No.

Mr. UNTERMYER. You have a pretty good impression about it, have you not?

Mr. BAKER. Hardly that.

Mr. UNTERMYER. Were the securities that were turned over to the Security Co. on its organization securities largely of corporations in which you were interested, or in which you were a director or voting trustee?

Mr. BAKER. I do not remember, but certainly they were in part.

Mr. UNTERMYER. They were mainly securities of that character, were they not? Did not you say that they were 75 per cent and upward of securities of that character?

Mr. BAKER. Let me look at that, and I will tell you. It is so long ago I do not remember. [Referring to paper.] This is a statement of to-day, and the question you asked refers to a long time ago.

Mr. UNTERMYER. Have the assets changed very materially since?

Mr. BAKER. They have changed some.

Mr. UNTERMYER. Have they very substantially changed?

Mr. BAKER. No. I understand that a large portion of them are changed. Is that satisfactory?

Mr. UNTERMYER. You mean a large portion of the securities held——

Mr. BAKER. Which were turned over at that time.

Mr. UNTERMYER. Covered by the security company, that were turned over by the bank to the security company, were securities of corporations in which you were a director or voting trustee?

Mr. BAKER. Yes.

Mr. UNTERMYER. And have those securities as then turned over materially changed since?

Mr. BAKER. No; I think not.

Mr. UNTERMYER. At what period was the Chase Bank stock turned over?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. You have no idea of it?

Mr. BAKER. Not in my memory; no, sir.

Mr. UNTERMYER. You could not give the committee any conception of whether the stock of the Chase Bank, 28,000 shares, was turned over at 200 or 500 or 700?

Mr. BAKER. Yes; I know it was not turned over at 500 or 700, and I do not believe it was turned over at 200.

Mr. UNTERMYER. Where, between those figures?

Mr. BAKER. I can not tell you. I think it was just exactly at what it cost us.

Mr. UNTERMYER. The question is, can you not give us some idea; was it between $300 and $500 a share?

Mr. BAKER. Yes; I will say yes to that.

Mr. UNTERMYER. Was it $300?

Mr. BAKER. I do not think it was.

Mr. UNTERMYER. Do you think it was between $200 and $300?

Mr. BAKER. Yes.

Mr. UNTERMYER. Now, can not you tell us what it was?

Mr. BAKER. No, sir; I can not, because I do not know.

Mr. UNTERMYER. The security company, on the sale of this 15,000 shares, realized how much a share?

Mr. BAKER. Oh, Mr. Untermyer, I do not think you ought to ask me that question. It is not material to what Congress wants to do, in perfecting laws.

Mr. UNTERMYER. Well, we are trying to get at the value and the relations of the national banks. The Chase Bank is a national bank. Is there anything secret about the price at which this stock was turned over, and as you say, scattered around among different people down town?

Mr. BAKER. It may not be to me, but it may to the persons who are handling it.

Mr. UNTERMYER. Did I not understand you to say that Mr. Wiggin had distributed that stock among his friends?

Mr. BAKER. He has, or is doing so.

Mr. UNTERMYER. And he is doing it at cost, is he not?

Mr. BAKER. I do not know.

Mr. UNTERMYER. You have no idea what he is charging them?

Mr. BAKER. No.

Mr. UNTERMYER. Is that the reason you object to stating the price, because you think he may want to charge a profit?

Mr. BAKER. No; I would not put it that way.

Mr. UNTERMYER. Because if that is the reason I shall not press the questiton. If there is any reason, I would like to know what the reason is, and if there is a reason, the question will not be pressed.

Mr. BAKER. That is entirely a personal matter, if you call it a personal matter, between the purchaser and the seller.

Mr. UNTERMYER. But the First Security Co. and the First National Bank are operating practically as one concern, are they not?

Mr. BAKER. Well, Congress is not concerned——

Mr. UNTERMYER. Are they not operating practically as one concern?

Mr. BAKER. I would not admit that.

Mr. UNTERMYER. You do not admit that?

Mr. BAKER. No.

Mr. UNTERMYER. You say they are operating through the same officers and directors?

Mr. BAKER. Yes, sir; that is right, but they are not one concern.

Mr. UNTERMYER. And owned in the same proportion?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And you say that one can not be sold or disposed of without the other?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And yet do you claim that the operations of the Security Co. in the stock of a national bank should be regarded as a purely private and personal concern?

Mr. BAKER. In a national bank?

Mr. UNTERMYER. Yes.

Mr. BAKER. The Security Co. is not a national bank.

Mr. UNTERMYER. I am asking you concerning its dealings with stock of a national bank, and you say you think it is a purely private and personal concern, do you?

Mr. BAKER. I do; yes, sir.

Mr. UNTERMYER. And do you think all the affairs of a national bank are private and personal concerns?

Mr. BAKER. We are talking just now about the Security Co.

Mr. UNTERMYER. No; we are talking about the stock of the Chase Bank.

Mr. BAKER. That belongs to the——

Mr. UNTERMYER. And the price at which it changed hands. Do you think that is purely a private affair?

Mr. BAKER. I do, as much as if you sold it to Mr. Pujo.

Mr. UNTERMYER. It would be just like a tailor's bill?

Mr. BAKER. Pretty nearly.

Mr. UNTERMYER. Well, if you feel that way about it, it is not of enough importance for us to press it.

Mr. BAKER. I can not see how it could be of any importance to you.

Mr. UNTERMYER. Let us see.

Mr. BAKER. I hope you won't, because I do not like to refuse anything.

Mr. UNTERMYER. Now, you have said that frequently, and, of course, if we do not press a question you will not refuse.

Mr. BAKER. Well, I should have to refuse it, but I would not want to.

Mr. UNTERMYER. I think I understood from you, did I not, that the security company holdings that are remaining, and your holdings and those of your son, still constitute a control of the Chase Bank, do they not?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Sir?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You have 10,000 shares, have you not?

Mr. BAKER. I?

Mr. UNTERMYER. Yes.

Mr. BAKER. No, sir.

Mr. UNTERMYER. How many shares have you?

Mr. BAKER. Fifty.

Mr. UNTERMYER. Mr. Wiggin has 10,000 shares?

Mr. BAKER. Yes.

Mr. UNTERMYER. Those he is to keep, is he not?
Mr. BAKER. Sir?
Mr. UNTERMYER. He has 10,000 shares, and the security company still has——
Mr. BAKER. Thirteen thousand.
Mr. UNTERMYER. How much?
Mr. BAKER. A litle over 13,000 odd; 13,800 and something.
Mr. UNTERMYER. Thirteen thousand six hundred and thirty-two shares?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. That is 23,632 shares; 25,001 are a clear control, are they not?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. Now, Mr. Hine has a holding, has he not?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. How large?
Mr. BAKER. I have no idea.
Mr. UNTERMYER. And the rest of the stock is very much scattered, is it not?
Mr. BAKER. No.
Mr. UNTERMYER. How many stockholders are there?
Mr. BAKER. I do not know, but not a great many.
Mr. UNTERMYER. Well, the holdings of Mr. Wiggin and the security company are a virtual control of the bank?
Mr. BAKER. Yes.
Mr. UNTERMYER. Twenty-three thousand six hundred shares out of fifty thousand is a very effective control?
Mr. BAKER. Yes.
Mr. UNTERMYER. Is it or not the fact, Mr. Baker, that in these great companies, like railroad companies and large industrials where the ownership of stocks is scattered, a very small minority is an actual control as a rule?
Mr. BAKER. Yes.
Mr. UNTERMYER. Would you say——
Mr. BAKER. If it is owned by active, enterprising men; yes, sir; who take an interest in the concern.
Mr. UNTERMYER. Well, have you ever seen the men in charge turned out of a big railroad property by the stockholders?
Mr. BAKER. Not when it is properly managed.
Mr. UNTERMYER. Whether properly or improperly managed? Is there a single instance in the history of your business career where the stockholders, widely scattered, in a big railroad or industrial corporation, ever got together and turned out the management, no matter what it was.
Mr. BAKER. I do not recall any.
Mr. UNTERMYER. No. Is it or not then true, that ordinarily in a railroad company where the stock has been held for many years and is widely scattered, that a holding inside the board of directors of 5 or 10 per cent has always assured continuity of management and control?
Mr. BAKER. I do not think it generally makes much difference about the holdings.
Mr. UNTERMYER. The question is who is in the saddle, is it not?

Mr. BAKER. Yes, sir; and how satisfactorily to the stockholders they are handling the property.

Mr. UNTERMYER. How has that ever had anything to do with it in your experience, since you say that none of them ever has been turned out?

Mr. BAKER. I can not recall at the moment any.

Mr. UNTERMYER. Until a management is turned out is it not rather difficult to find out what they have been doing in practical operation?

Mr. BAKER. I never tried. I do not know how difficult it is.

Mr. UNTERMYER. Have you ever known anybody to try in any of the corporations in which you have been identified?

Mr. BAKER. Not that I remember.

Mr. UNTERMYER. When was the capital of the Chase Bank increased to $1,000,000?

Mr. BAKER. I told you yesterday when you asked me that I could not recall. It was three or four years ago.

Mr. UNTERMYER. No. Three or four years ago it was increased to $5,000,000.

Mr. BAKER. Oh, what was the question?

Mr. UNTERMYER. I asked you when it was increased to $1,000,000.

Mr. BAKER. I do not know. I think it was always 1,000,000.

Mr. UNTERMYER. Was it?

Mr. BAKER. I am not certain; I do not know.

Mr. UNTERMYER. You have not any recollection as to that?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Up to the time its capital was increased to $5,000,000, which you say was about four years ago, what dividend did it pay?

Mr. BAKER. I do not know.

Mr. UNTERMYER. Sir?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. What, with an ownership of 23,000 shares, you can not tell us that?

Mr. BAKER. Oh, I could by looking back, but I do not happen to remember.

Mr. UNTERMYER. No recollection whatever about it?

Mr. BAKER. I have an indistinct recollection it was 12 per cent, but I would not dare to state it was so.

Mr. UNTERMYER. What have been its dividends since its capital was increased to $5,000,000?

Mr. BAKER. It is paying now 20, and I think awhile ago it paid 12.

Mr. UNTERMYER. On $5,000,000?

Mr. BAKER. And I think awhile ago it paid 12.

Mr. UNTERMYER. Is it paying 20 on the increased capital to $5,000,000 and extra dividends besides?

Mr. BAKER. I do not think it has ever paid any extra dividends.

Mr. UNTERMYER. Did it not pay an extra dividend of $4,000,000 when the capital was increased from $1,000,000 to $5,000,000?

Mr. BAKER. I do not think so.

Mr. UNTERMYER. It paid 400 per cent that time?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Did it not, in addition to the 400 per cent at that time, pay the regular dividend?

Mr. BAKER. Oh, I think so.

Mr. UNTERMYER. What is its surplus now?

Mr. BAKER. I think it is about $5,000,000 or $6,000,000.

Mr. UNTERMYER. Is the Chase Bank one of the largest correspondent banks in New York?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Is it known generally as a bank of banks.

Mr. BAKER. Well, I have heard it said so; yes.

Mr. UNTERMYER. Is that its largest business? That is, what proportion of its deposits consists of the balances of its correspondent banks?

Mr. BAKER. I could not tell you that.

Mr. UNTERMYER. Do you remember what its deposits are, approximately?

Mr. BAKER. About $100,000,000.

Mr. UNTERMYER. Over $100,000,000, are they not?

Mr. BAKER. It varies every week. They have been over $100,000,000.

Mr. UNTERMYER. The proof shows that it had, on a date shown by the figures introduced, 3,103 banks as depositors.

Mr. BAKER. I know that it has a great many. I do not happen to know what number.

Mr. UNTERMYER. Is it a large lender of money on the stock exchange?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Is the First National Bank also a large lender on the stock exchange?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Who looks after that part of the business for your bank? Is it done by the loan clerk?

Mr. BAKER. Yes; more under the supervision, I think, of the officers, and principally the vice president, Mr. Norton.

Mr. UNTERMYER. Mr. Norten, then, supervises the work of the loan clerk in lending money at the loan stand on the stock exchange?

Mr. BAKER. May I ask a question on that?

Mr. FISHER A. BAKER. You do not mean the loan stand in the stock exchange?

Mr. UNTERMYER. Yes.

Mr. BAKER. The vice president and the cashier together do it. If one happens to be out, the other takes his place for a little while.

Mr. UNTERMYER. Your son is vice president——

Mr. FISHER A. BAKER. You did not mean to say at the loan stand?

Mr. UNTERMYER. Yes. You will have to stop interrupting, please. You know what the loan stand of the stock exchange is, do you not, Mr. Baker—the place where money is loaned out on the stock exchange?

Mr. BAKER. I have heard so. I have never seen it.

Mr. UNTERMYER. Do you not know that that is where loans are arranged every morning?

Mr. BAKER. Yes; they are arranged over there.

Mr. UNTERMYER. Who is your accredited broker there for loaning money at that place, for the First National Bank? [Addressing Mr. Fisher A. Baker:] You see you were wrong.

Mr. FISHER A. BAKER. No——

Mr. BAKER. I have no idea, unless you let me ask my son.

Mr. UNTERMYER. Well, if you do not know, just say that you do not know; that will be the quickest way.

Mr. BAKER. I do not know.

Mr. UNTERMYER. Can you give us any information as to the amount of money that is loaned out, day by day, by the First National Bank at the loan stand on the stock exchange?

Mr. BAKER. Oh, on many days there is nothing, and on some days there is quite a large amount.

Mr. UNTERMYER. It depends upon the activity of money?

Mr. BAKER. Yes; and upon whether we have a lot of loans paid out, or whether we have a surplus, or whether we want to call in some money.

Mr. UNTERMYER. All that, you say, is done by the cashier and the vice president?

Mr. BAKER. Yes.

Mr. UNTERMYER. How are the interest rates regulated in the lending of this money?

Mr. BAKER. I suppose by the law of supply and demand.

Mr. UNTERMYER. Who passes on the question of collateral?

Mr. BAKER. The loan department; and if there is anything out of the usual well-known collateral it would come before the officers.

Mr. UNTERMYER. Collateral on loans made at the loan stand on the stock exchange has to be listed stock exchange collateral, does it not, if they are made?

Mr. BAKER. I do not know. I presume so.

Mr. UNTERMYER. Who is there in the loan department of the bank that checks and passes the collateral on that class of loans?

Mr. BAKER. I do not know.

Mr. UNTERMYER. You do not know his name?

Mr. BAKER. I am not very familiar with the details of the bank for the last five years.

Mr. UNTERMYER. The system has not changed in the last five years, has it?

Mr. BAKER. No; a man by the name of Nevius did it for 20 or 30 years, when I had charge there. I do not know who does it now.

Mr. UNTERMYER. You are down at the bank every day, are you not?

Mr. BAKER. Not every day.

Mr. UNTERMYER. You are there as often as business requires it? You are in touch with the bank, are you not?

Mr. BAKER. Yes; in a general way.

Mr. UNTERMYER. You know that the general way of doing business in the direction of loaning money on the stock exchange is the same as it was, do you not?

Mr. BAKER. I presume so; yes, sir. I have never heard of a change.

Mr. UNTERMYER. What is the test of a stock exchange loan? Is it the mixed character of the collateral, or listed, or what?

Mr. BAKER. Oh, it is as much who the borrower is as almost anything.

Mr. UNTERMYER. Let us see about that.

Mr. BAKER. And then the standard securities. We generally make it the standard securities. Possibly the loans are made on the security more than on the borrower.

Mr. UNTERMYER. Yes: that is the fact, is it not, that loans on stock exchange collateral are made on the security of the loan?

Mr. BAKER. That is practically so; yes.

Mr. UNTERMYER. You require a given margin of security, do you not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. What is the margin of security that you require?

Mr. BAKER. That would vary.

Mr. UNTERMYER. As a matter of fact, Mr. Baker, in the current loans made on stock exchange collateral, does not the bank look to the security and not to the borrower?

Mr. BAKER. Generally.

Mr. UNTERMYER. The personnel of the borrower in that class of loans has nothing to do with it, has it?

Mr. BAKER. I would not say that it has nothing to do with it. We would not accept loans from some parties.

Mr. UNTERMYER. There are some people who could not get money from your bank from the stock exchange, even if they had any amount of collateral?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And those same people could not get loans at other places, could they?

Mr. BAKER. I do not know what they could get at other places. I can only speak as to ourselves.

Mr. UNTERMYER. The general criterion of stock exchange loans, as you say, is the collateral?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Is there any list of these men who, if they had any sort of collateral—an unlimited amount—could not get loans anywhere?

Mr. BAKER. I am not speaking of anywhere else. There is no list in the First National Bank, that I ever heard of.

Mr. UNTERMYER. Do you know of any such list?

Mr. BAKER. No, sir; I do not.

Mr. UNTERMYER. Is it not a fact that those loans, as a rule, are mechanically placed through the subordinates of the bank?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. They never come to the head people of the bank as a rule, do they?

Mr. BAKER. I think they do if they are properly looked after. I think we look over our entries every day to see how the loans are made and the amounts.

Mr. UNTERMYER. Do you look at the collateral?

Mr. BAKER. I do not think the officers examine the collateral itself, except as they see it marked on the card.

Mr. UNTERMYER. They see the envelope and the amount there on the outside of the envelope of the collaterals?

Mr. BAKER. Yes.

Mr. UNTERMYER. And that is the criterion by which they judge the loan?

Mr. BAKER. Very much; yes.

Mr. UNTERMYER. If a man of very high character should go to the stock exchange stand and say that he wanted $100,000 without any collateral, do you think he would be likely to get it?

Mr. BAKER. He could not get it there.

Mr. UNTERMYER. If his broker should go there, you do not think he would be likely to get it?

Mr. BAKER. No, sir; no loan is made without collateral.

Mr. UNTERMYER. It is the collateral that counts, is it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. I want to ask you some further questions on this coal situation, on this situation of the coal roads, and the coal situation generally.

Mr. BAKER. I am afraid you will not get much information. I will do the best I can, however.

Mr. UNTERMYER. Is there any man in the United States who is more familiar with it than you are?

Mr. BAKER. There are few in the business that are less familiar with it.

Mr. UNTERMYER. I think you told us that you own and control the New York Central?

Mr. BAKER. Oh; no, sir.

Mr. UNTERMYER. You controlled its management, did you not, and that of the Jersey Central, did you not, when you turned it over to the Reading?

Mr. BAKER. I did not mean to make that implication, if I did.

Mr. UNTERMYER. Were you an officer of the road?

Mr. BAKER. At one time; yes, sir.

Mr. UNTERMYER. Were you the president of the road?

Mr. BAKER. No, sir.

Mr. UNTERMYER. What officer were you?

Mr. BAKER. I was chairman of the executive committee, and I think while the president was ill, I was made vice president for the time being.

Mr. UNTERMYER. How many years were you connected with that road?

Mr. BAKER. I think it was since 1887 or 1888, or somewhere along there.

Mr. UNTERMYER. Down to the present time?

Mr. BAKER. Down to the present time.

Mr. UNTERMYER. At the time of its sale to the Reading were you or not by far the largest holder of securities?

Mr. BAKER. I think I was the largest holder.

Mr. UNTERMYER. Did you not hold practically a majority of the road?

Mr. BAKER. Myself?

Mr. UNTERMYER. You and your few friends.

Mr. BAKER. Yes; I think we did.

Mr. UNTERMYER. You were familiar with the operations of the road?

Mr. BAKER. Not very, at that time.

Mr. UNTERMYER. You went over it at certain seasons of the year pretty much every day, did you not?

Mr. BAKER. Only as far as Monmouth, Long Branch.

Mr. UNTERMYER. And since the control of that road has been turned over to the Reading, you have been a director in all those roads, have you not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Do you attend the meetings?

Mr. BAKER. Sometimes. The Jersey Central has very few meetings.

Mr. UNTERMYER. You have many millions of interest, stock interest, in those roads, have you not?

Mr. BAKER. You are speaking of me officially as well as personally?

Mr. UNTERMYER. No; I am speaking of you actually, in dollars and cents.

Mr. SPOONER. As an individual?

Mr. UNTERMYER. Yes. You have many millions of personal interest in the road?

Mr. BAKER. No. I should not say so. I should not say——

Mr. UNTREMYER. You should say not what?

Mr. BAKER. I should not say many millions.

Mr. UNTERMYER. That depends upon what you call many millions, I suppose?

Mr. BAKER. Yes; I mean according to what your idea is of many millions.

Mr. UNTERMYER. You know what that is, do you? The security company——

Mr. BAKER. Now, Mr. Untermyer, I gave you that list which you have there, or counsel did, confidentially, simply for you to look over it and see if there is anything there that you thought was wrong or irregular.

Mr. UNTERMYER. No; you did not——

Mr. BAKER. I asked you only to do that, and not to use any of the names in it, unless it was something like the Chase Bank, or the Bank of Commerce, and those things that you wanted to inquire about.

Mr. UNTERMYER. We asked for a complete list of the securities and holdings of the First Security Co.

Mr. BAKER. Yes.

Mr. UNTERMYER. And, in connection with the examination of the banks yesterday, you remember showing the list and saying that you did not like to have all the bank holdings publicly stated?

Mr. BAKER. Yes.

Mr. UNTERMYER. We then agreed as to which should be stated.

Mr. BAKER. That was not my understanding.

Mr. UNTERMYER. Was it not? The record will show.

Now, I want to ask you, Mr. Baker, has not the security company many millions of securities in those coal roads?

Mr. BAKER. Well, several.

Mr. UNTERMYER. Those were securities, were they not, that they received from the bank?

Mr. BAKER. Yes, sir; principally.

Mr. UNTERMYER. These railroads whose securities are held are all interstate roads, are they not?

Mr. BAKER. I should say so, yes. No, is the New Jersey Central an interstate road?

Mr. UNTERMYER. No; I think it is not; I think it is the only one that is not an interstate road, is it not?

Mr. BAKER. I suppose because they run a ferry over to New York, that would make them interstate, perhaps.

Mr. UNTERMYER. We will not bother about that.

Mr. BAKER. The Central Railroad is all in New Jersey, I think.

Mr. UNTERMYER. Mr. Baker, the committee thinks that it is entitled to have, and ought to know, the holdings of the security company in these interstate railroad corporations and other interstate corporations, and will take up that subject with you after recess, when you have consulted with counsel. It is not necessary that the figures should be published now, but they would go into the record eventually if furnished; so that if you will consider that during the recess we can take it up later.

Mr. BAKER. The object of my handing that to you——

Mr. UNTERMYER (interposing). We are not going to use it if you decline to produce it.

Mr. BAKER. I understood that the object in handing that to you was to show you that there was nothing that we had to conceal, really.

Mr. UNTERMYER. But that is another assurance—if you have nothing that you want to conceal, why not have the list go in evidence?

Mr. BAKER. Nothing that we wanted to conceal from you, I said.

Mr. UNTERMYER. It is of no consequence or value to me.

Mr. BAKER. It might be. If you found that we own a majority of the stock of the First National Bank at Chattanooga, or somewhere else, in that list, that would be of consequence to you, in making the laws that you contemplate.

Mr. UNTERMYER. Will you be kind enough, then, to consult, during the recess, with your counsel and let me know?

Mr. BAKER. Yes.

Mr. UNTERMYER. I would like to avoid any discussion.

Mr. BAKER. All right.

Mr. UNTERMYER. Please look at this list and tell me whether that is a correct statement of the proportions of the output of anthracite coal that is shipped from the mines over these railroads. Tell me if those are the correct proportions as stated in this paper which I hand to you.

Mr. BAKER. I shall have to answer that right off that I do not know.

Mr. UNTERMYER. It is taken from the last year's publication of the Financial Chronicle.

Mr. BAKER. That is the only way I have of knowing what they are.

Mr. UNTERMYER. Is not that about accurate?

Mr. BAKER. I should think it was.

Mr. UNTERMYER. I will read that into the record. This is a statement of the entire output of anthracite coal shipped to the market from the mines over the following railroads, in the approximate proportion set opposite.

Mr. SPOONER. Will you not say, Mr. Untermyer, that that is taken from the Financial Chronicle?

Mr. UNTERMYER. Yes; this is taken from the Financial Chronicle [reading]:

The Philadelphia & Reading Railway, 21 per cent; the Central Railroad of New Jersey, 13 per cent; Lehigh Valley Railroad, 17 per cent; Delaware, Lackawanna & Western road, 15 per cent; the Erie Railroad, including the New York, Susquehanna & Western, is 11 per cent; the Pennsylvania Railroad, 9 per cent; the Delaware & Hudson, 10 per cent; the New York Ontario & Western, 4 per cent; total, 100 per cent.

All those roads, except the Delaware & Hudson, reach New York Harbor, do they not?

Mr. BAKER. I think so.

Mr. UNTERMYER. Is all of that output controlled by the roads with which you are identified, except the Pennsylvania output of 9 per cent and the Delaware & Hudson output of 10 per cent, and 4 per cent of the Ontario & Western?

Mr. BAKER. That is what the railroads transport, is it not?

Mr. UNTERMYER. Yes. But I asked whether that entire output of anthracite coal is controlled by the roads with which you are identified, except as to the last three items?

Mr. BAKER. I do not know; but I do not believe it is.

Mr. UNTERMYER. Wherein is that statement incorrect?

Mr. BAKER. I could not tell you. I am not familiar with that thing at all. I know there are independent companies.

Mr. UNTERMYER. You know there are independent railroad companies?

Mr. BAKER. No; independent coal companies.

Mr. UNTERMYER. How can the coal get to market except over the railroads?

Mr. BAKER. I do not know of any other way except over the railroads.

Mr. UNTERMYER. Then you say there are independent coal companies in the anthracite region?

Mr. BAKER. Yes.

Mr. UNTERMYER. And do these railroads with which you are connected compete for that business?

Mr. BAKER. As I said yesterday, I do not believe they do, because they generally have to have a railroad running into the mine.

Mr. UNTERMYER. Let us see what there is about this coal situation.

Mr. BAKER. I know so little about it, Mr. Untermyer——

Mr. UNTERMYER. I think you will find out that you know a great deal more about it than you think you do.

Mr. BAKER. All right.

Mr. UNTERMYER. You remember the bankruptcy of the old Philadelphia & Reading, in 1896?

Mr. BAKER. I know that it did go bankrupt.

Mr. UNTERMYER. And do you remember it was reorganized by J. P. Morgan & Co.?

Mr. BAKER. Yes.

Mr. UNTERMYER. You were concerned in the reorganization, were you not?

Mr. BAKER. I think not.

Mr. UNTERMYER. Were you not a large underwriter in that reorganization?

Mr. BAKER. I think not.
Mr. UNTERMYER. You were not?
Mr. BAKER. No, sir.
Mr. UNTERMYER. You had no interest in that reorganization?
Mr. BAKER. I do not think so.
Mr. UNTERMYER. You remember it, do you not?
Mr. BAKER. I do not remember that I had any.
Mr. UNTERMYER. It was reorganized with the Philadelphia & Reading Railroad, was it not?
Mr. BAKER. I do not know. If you say so, probably it is correct.
Mr. UNTERMYER. Do you know that?
Mr. BAKER. I do not remember it now, as to what the name of it was.
Mr. UNTERMYER. You remember that there was a voting trust then created?
Mr. BAKER. No, sir; I do not.
Mr. UNTERMYER. Did you not deal with the voting trustees?
Mr. BAKER. I do not think I had anything to do with it.
Mr. UNTERMYER. Did you not sell the securities to the voting trustees?
Mr. BAKER. No, sir. I sold them to Mr. Baer.
Mr. UNTERMYER. You sold them to Mr. Morgan, did you not?
Mr. BAKER. Yes; through Mr. Morgan to Mr. Baer. I sold them to Mr. Morgan; yes.
Mr. UNTERMYER. You sold them to Mr. Morgan as one of the voting trustees, did you not?
Mr. BAKER. I did not know that.
Mr. UNTERMYER. You did not know to whom you were selling?
Mr. BAKER. Yes; but I did not know that I sold it as a voting trustee.
Mr. UNTERMYER. Did you not get stock back?
Mr. BAKER. No, sir; I got a check.
Mr. UNTERMYER. It was sold for cash, was it?
Mr. BAKER. Yes.
Mr. UNTERMYER. Then you became interested in the Reading, did you not?
Mr. BAKER. No, sir.
Mr. UNTERMYER. You did not become a director?
Mr. BAKER. No, sir.
Mr. UNTERMYER. Are you not a director in that road?
Mr. BAKER. I am now; yes.
Mr. UNTERMYER. When did you become a director?
Mr. BAKER. On the death of Mr. Twombley. The New York Central had a representative. He was the representative of their interest in the Reading, and upon his death they selected me or asked me to take his place.
Mr. UNTERMYER. Do I correctly understand that, following your sale of the Jersey Central to Mr. Morgan for the Reading, you did not become interested in the Reading?
Mr. BAKER. No, sir; and not until after I became a director within a couple of years did I ever own a share of it.
Mr. UNTERMYER. Until a few years ago?

Mr. FISHER A. BAKER. Until two years ago, he said.

Mr. BAKER. A couple of years; just after Mr. Twombley's death, and after I went in the board.

Mr. UNTERMYER. And that is true of the Reading Co., too, is it?

Mr. BAKER. Yes.

Mr. UNTERMYER. The Reading Co. owns the stock of the Philadelphia & Reading Coal & Iron Co., does it not?

Mr. BAKER. I presume so.

Mr. UNTERMYER. Do you not know it as a director?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Does it not also own stock in the Central of New Jersey?

Mr. BAKER. Yes, sir; I know that.

Mr. UNTERMYER. Does it own it all?

Mr. BAKER. No, sir; just a little over half.

Mr. UNTERMYER. Just a little over a control?

Mr. BAKER. I think they bought $14,000,000 out of $47,000,000.

Mr. UNTERMYER. The rest of the stock is still held by the public, is it?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. You are still interested?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Does the Reading own stocks of other companies in the same way, just by a control?

Mr. BAKER. I could not tell you. Their reports show. I do not know. I do not remember. Undoubtedly it does.

Mr. UNTERMYER. Are you a member of the executive committee?

Mr. BAKER. I believe I am.

Mr. UNTERMYER. How many members are there on the executive committee of the Reading?

Mr. BAKER. I do not know whether there are more than two, Mr. Baer and myself. I do not know who the other member is. We have never had a meeting.

Mr. UNTERMYER. Those two——

Mr. BAKER (interposing). There may be somebody else, too. I have forgotten.

Mr. UNTERMYER. Did the directors ever have a meeting?

Mr. BAKER. Yes; every month.

Mr. UNTERMYER. Do the directors of the Central of New Jersey ever have a meeting?

Mr. BAKER. Yes.

Mr. UNTERMYER. And of the Lehigh Valley?

Mr. BAKER. Yes.

Mr. UNTERMYER. And of the Erie?

Mr. BAKER. Yes.

Mr. UNTERMYER. They all meet monthly?

Mr. BAKER. Yes.

Mr. UNTERMYER. Are you a member of the executive committee of those roads, too?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. You and Mr. Baer together?

Mr. BAKER. Mr. Baer is not in them all.

Mr. UNTERMYER. Who is your associate member of the executive committee in the Erie, for instance? Mr. Underwood?

Mr. BAKER. Yes; he is one; and Mr. Steele.

Mr. UNTERMYER. Mr. Steele, of Messrs. Morgan & Co.?

Mr. BAKER. Yes; and I think Judge Gary, and Governor——

Mr. UNTERMYER. There is a fifth member of that committee, is there not? There are five members of that executive committee?

Mr. BAKER. I think there are seven. Mr. Stetson is a member, too.

Mr. UNTERMYER. Do they ever meet?

Mr. BAKER. Yes.

Mr. UNTERMYER. Frequently?

Mr. BAKER. About once a month, I should say.

Mr. UNTERMYER. Does the Reading own the majority of the Erie, or any part of it?

Mr. BAKER. Not that I know of. I never heard that they did.

Mr. UNTERMYER. But the Erie owns a majority of the New York, Susquehanna & Western, or does it own it all?

Mr. BAKER. I do not know the amount.

Mr. UNTERMYER. You told us yesterday that you thought this was a little branch of a road?

Mr. BAKER. Yes.

Mr. UNTERMYER. Have you found out differently since?

Mr. BAKER. No, sir; I have not. You told me it was about 200 miles long.

Mr. UNTERMYER. Do you remember the occasion of the Erie buying the New York, Susquehanna & Western?

Mr. BAKER. I do not.

Mr. UNTERMYER. Do you remember that the New York, Susquehanna & Western had completed its lines into the coal fields from tidewater?

Mr. BAKER. No, sir.

Mr. UNTERMYER. And don't you know that it was a competitor of the Erie between the mines and tidewater?

Mr. BAKER. I assume it was.

Mr. UNTERMYER. Is that the reason it was bought?

Mr. BAKER. I do not know. It was long before my day.

Mr. UNTERMYER. Does the Central Railroad of New Jersey own the Lehigh & Wilkes-Barre Coal Co.?

Mr. BAKER. I do not know what proportion, but a large majority of its stock.

Mr. UNTERMYER. Where is the minority?

Mr. BAKER. I do not know.

Mr. UNTERMYER. I want to ask you a few questions about the policy of permitting one railroad company to acquire and own and control a bare majority of the stock without taking care of the minority. Don't you think that the law should require that where a railroad company acquires the majority of another railroad company that it ought also be called upon to offer the minority the same terms?

Mr. BAKER. They might not be able to do that.

Mr. UNTERMYER. Who might not be able to do it?

Mr. BAKER. The railroad which bought it might not have money enough to buy it all.

Mr. UNTERMYER. Then, you would not be in favor, would you, of offering to the minority the same terms that are given the majority when one railroad takes the control of another railroad?

Mr. BAKER. I am so much in favor of that that when I sold the Jersey Central, although it was a personal transaction, I individually offered every stockholder the right to dispose of half his holdings, practically.

Mr. UNTERMYER. I am not speaking of your personally, but of your view of the situation.

Mr. BAKER. That is to show my belief in that thing—that it should be done, if it is practicable to do.

Mr. UNTERMYER. Then, would you be in favor of an amendment of the law that would require a railroad corporation that acquires the control of another railroad company to offer the minority the same terms as the majority?

Mr. BAKER. I would not burden the railroads or any other corporation with too many laws. I think I would trust to the directors to manage it.

Mr. UNTERMYER. How about the minority stockholder who is left out on such a transaction? Don't you think he ought to be protected?

Mr. BAKER. I guess he generally is, is he not?

Mr. UNTERMYER. You think he is?

Mr. BAKER. I do not know.

Mr. UNTERMYER. Don't you know of companies where the control has gone over in that way where the minority has received practically nothing?

Mr. BAKER. Or the majority either?

Mr. UNTERMYER. Where the majority has been bought for the purposes of another railroad and used for the purposes of another railroad to the detriment of the minority. I say, do you not know of such cases?

Mr. BAKER. No; but would not the law——

Mr. UNTERMYER. Do you know of such cases?

Mr. BAKER. I do not recall any, but I do not deny it. I think the law would probably protect the minority.

Mr. UNTERMYER. Never mind about the law.

Mr. BAKER. Well?

Mr. UNTERMYER. You think the law would compel the protection of the minority, do you?

Mr. BAKER. As well as the majority, on the same terms.

Mr. UNTERMYER. Where one railroad acquires control of another, through ownership of the majority of the stock of the other road, is it or not the fact that the controlled road is used primarily for the purposes of the controlling road?

Mr. BAKER. That would seem quite natural.

Mr. UNTERMYER. Well, does it not often happen that when the controlled road is used for that purpose, rather than solely in its own interests, that it is not able to do as well as if it were independent? That is true, is it not?

Mr. BAKER. I think that is true.

Mr. UNTERMYER. That is very largely true in the railroad world, is it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. That being so, do you see that there would be any injustice in requiring that the minority should be dealt with in a case of that kind, in the purchase of the control, just as the majority?

Mr. BAKER. I can not see any.

Mr. UNTERMYER. You think it ought to be done?

Mr. BAKER. I think it would be a very good thing to do.

Mr. FISHER A. BAKER. You do not mean the banker——

Mr. UNTERMYER. I must ask, Mr. Chairman, that we be permitted to proceed with this hearing without interruption.

The CHAIRMAN. We will proceed in order, gentlemen.

Mr. FISHER A. BAKER. It is a matter in which we are very much interested, as well as the examiner.

Mr. UNTERMYER. You have not read the resolution, have you?

Mr. FISHER A. BAKER. Yes, sir; I have; and it is a long one.

The CHAIRMAN. Let us proceed. These colloquies and repartee are interesting on both sides, but it delays the hearing.

Mr. FISHER A. BAKER. We are just as much interested in this as the examiner.

Mr. UNTERMYER. May we have an end to this discussion?

The CHAIRMAN. Proceed in order, gentlemen, and counsel will propound his questions and the witness will answer if he can.

Mr. UNTERMYER. Do you know what proportion of the entire anthracite output is controlled by the Erie and the Reading?

Mr. BAKER. Is not that just what you gave me?

Mr. UNTERMYER. It is about 63 per cent?

Mr. BAKER. We made 21 per cent for the Reading; and what is the other one you asked about? The Erie was about 11, did you say?

Mr. UNTERMYER. Yes.

Mr. BAKER. That would make 32, and the Jersey Central was 10 or 12.

Mr. UNTERMYER. Thirteen.

Mr. BAKER. Thirteen. That would make 45.

Mr. UNTERMYER. That refers to the proportion transported, but what proportion of the deposits is controlled by those two roads, did you know that?

Mr. BAKER. No. I have seen it stated, but I have forgotten.

Mr. UNTERMYER. Was it not about 63 per cent?

Mr. BAKER. I really do not know. I never saw it put together that way. The Reading owns a very large proportion.

Mr. UNTERMYER. Have you ever read the annual report of the Reading Co. for 1901?

Mr. BAKER. No, sir; I do not believe I ever did.

Mr. UNTERMYER. Do you remember the projecting of a competing railroad into the anthracite fields under the name of the New York, Wyoming & Western Railroad?

Mr. BAKER. I remember there was such a thing.

Mr. UNTERMYER. Do you remember that at that time there were some independent operators, and among them Simpson and Watkins?

Mr. BAKER. Yes.

Mr. UNTERMYER. And they controlled a number of mines there in that field, did they not?

Mr. BAKER. I do not know what they controlled. I never was familiar with their affairs, but I know they were coal miners.

Mr. UNTERMYER. You remember, do you not, that they and other independent operators projected this road?

Mr. BAKER. Yes, sir; that is my understanding.

Mr. UNTERMYER. Well, you were a party to the transaction by which those independent mines were bought up, were you not?

Mr. BAKER. I do not think so.

Mr. UNTERMYER. Let us see if you were not. Do you remember the organization of the Temple Iron Co., or the acquisition of it, I mean?

Mr. BAKER. No; I do not remember it.

Mr. UNTERMYER. Were you not one of the syndicate that acquired it?

Mr. BAKER. I do not remember. Possibly so, if you have anything to show that I was.

Mr. UNTERMYER. Yes; I have the syndicate agreement there.

Mr. BAKER. Yes. Well, if I am down in it, I will say so. I do not remember it, though.

Mr. UNTERMYER. Let us see. That was rather an important transaction, was it not?

Mr. BAKER. It was not to me.

Mr. UNTERMYER. The putting of these coal companies into Temple Iron Co., was it not?

Mr. BAKER. I presume so. I did not have anything to do with it. Possibly I may have had an interest in it, if it shows there, but I did not take any active part in it, or anything of that kind, anything more than a money interest.

Mr. UNTERMYER. You did not take an active part in it?

Mr. BAKER. I do not think so.

Mr. UNTERMYER. You remember the fact that that was a little company that had been operated by Mr. Baer? You remember that?

Mr. BAKER. I do, now that you state it.

Mr. UNTERMYER. And do you remember that it had about $71.000 of assets?

Mr. BAKER. No.

Mr. UNTERMYER. And was bought up?

Mr. BAKER. No.

Mr. UNTERMYER. You remember its being bought up and its capital being increased?

Mr. BAKER. Yes; I remember something of that sort.

Mr. UNTERMYER. Do you remember a bond issue of three and a half million dollars?

Mr. BAKER. No.

Mr. UNTERMYER. Of which you took a fifth; do you remember anything about that?

Mr. BAKER. I did not until you told me just now.

Mr. UNTERMYER. Let us see about that.

Mr. BAKER. I will not dispute it. I did not remember it, though.

Mr. UNTERMYER. What was the purpose of acquiring the Temple Iron Co. and increasing its capital and making this stock and bond issue?

Mr. BAKER. I could not tell you.

Mr. UNTERMYER. That Temple Iron Co. acquired, did it not, the property of these independent mines with the money that was furnished by this syndicate?

Mr. BAKER. I do not even know that.

Mr. UNTERMYER. What became of that new competing railroad, the New York, Wyoming & Western?

Mr. BAKER. I do not know that. I never heard of its being completed.

Mr. UNTERMYER. Well, that ended that road, did it not?

Mr. BAKER. I suppose so.

Mr. UNTERMYER. I mean the acquisition of those independent mines by the Temple Iron Co. in the interest of these coal roads ended the new road, did it not?

No reply.

Mr. UNTERMYER. I will show you this agreement [handing paper].

Mr. BAKER. You need not take time.

Mr. UNTERMYER. We want to get it straight. Will you look at this and see if it refreshes your recollection as to you, George F. Baker, being one of the seven syndicate subscribers to $3,390,000 of the securities of the Temple Iron Co., with the Guaranty Trust Co., your associates being J. P. Morgan, Mr. Twombly, Mr. Rockefeller, Mr. Stillman, Drexel & Co., and the Guaranty Trust? Just look it over and see if that does not refresh your memory. Now, will you answer the question?

Mr. BAKER. What is the question?

The question was read by the stenographer.

Mr. BAKER. Not specially. I presume it was just a subscription to bonds, according to that.

Mr. UNTERMYER. You have not any doubt that is right, have you?

Mr. BAKER. Oh, no.

Mr. UNTERMYER. Please mark that.

The paper referred to was thereupon marked "Exhibit No. 199, January 10, 1913," and will be found at the end of this day's proceedings.

Mr. UNTERMYER. About eight years before the Central of New Jersey, or the control of it, was sold to the Reading, you had made a lease of it, had you not?

Mr. BAKER. To the Reading, do you mean?

Mr. UNTERMYER. Yes.

Mr. BAKER. We did once. I do not remember the time.

Mr. UNTERMYER. Well, the courts declared that unlawful, as fostering a monopoly, did they not?

Mr. BAKER. I do not remember the reason; I know it was broken up.

Mr. UNTERMYER. Do you remember in 1899 the independent operators began making an effort to construct a competing line from the coal fields by extending the Erie & Wyoming Valley Railroad?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Do you remember that the Pennsylvania Coal Co. was an independent operator prior to 1899?

Mr. BAKER. Somewhere about that time; yes, sir.

Mr. UNTERMYER. You do not recall, do you, that they started the construction of a road?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Known as the Delaware Valley & Kingston Railroad?

Mr. BAKER. No, sir.

Mr. UNTERMYER. And you remember nothing about the Erie & Wyoming Valley?

Mr. BAKER. Nothing.

Mr. UNTERMYER. Let us see if you remember anything about this transaction: Do you recall that J. P. Morgan & Co. bought the entire stock of the Pennsylvania Coal Co. and of the Erie & Wyoming Valley Railroad Co. and of the Delaware Valley & Kingston Railroad Co. for $28,000,000? You remember that transaction, do you not?

Mr. BAKER. I only remember that part of it that applies to the Pennsylvania Coal Co.

Mr. UNTERMYER. You mean you do not remember the names of the railroads?

Mr. BAKER. I did not remember there were any railroads. I would have said it was just the purchase of the Pennsylvania Coal Co. if you had asked me now.

Mr. UNTERMYER. Do you remember that Morgan & Co. turned over that property, which they bought for $28,000,000, to the Erie Railroad?

Mr. BAKER. I suppose they did.

Mr. UNTERMYER. Well, don't you remember that they did?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Were you not a director at the time?

Mr. BAKER. In the Erie?

Mr. UNTERMYER. Yes.

Mr. BAKER. I think not.

Mr. UNTERMYER. What?

Mr. BAKER. I think not. What year was that?

Mr. UNTERMYER. 1899.

Mr. BAKER. No; I was not a director.

Mr. UNTERMYER. Don't you remember that the Erie Railroad paid Morgan & Co. $32,000,000 in bonds and $5,000,000 bonds in first preferred stock for the property for which Morgan & Co. had paid this $28,000,000?

Mr. BAKER. No, sir.

Mr. UNTERMYER. And that it was all practically part of one transaction?

Mr. BAKER. No.

Mr. UNTERMYER. Have you any recollection at all of that transaction?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Do you know anything about the New York, Ontario & Western?

Mr. BAKER. Practically nothing. I know there is such a road: that is about all.

Mr. UNTERMYER. Do you know from where to where it runs?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Do you know who controls it?

Mr. BAKER. I can not say; no.

Mr. UNTERMYER. Why, you are a director in the New York, New Haven & Hartford?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Don't you know that that road controls it?

Mr. BAKER. I do not like to say, because I was not quite positive about it. There has been a question there about the control.

Mr. UNTERMYER. You know there has been a question whether it could sell it to the New York Central; is not that it?

Mr. BAKER. Yes.

Mr. UNTERMYER. But you are a director in the New York Central, too, are you not?

Mr. BAKER. Yes. The New Haven, I will say, controls it.

Mr. UNTERMYER. The New Haven now controls it, does it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. And that is another road from the anthracite coal fields to tide water, is it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Do you know whether it is allowed to compete or whether it is run as a differential road?

Mr. BAKER. I do not know; no, sir.

Mr. UNTERMYER. What is a differential road, Mr. Baker?

Mr. BAKER. I do not know. I could not answer that question.

Mr. UNTERMYER. How many railroads are you a director of?

Mr. BAKER. You told me, I think, 36, a few minutes ago.

Mr. UNTERMYER. No; I ask you how many you are a director of. I never said you were a director in 36 railroads.

Mr. BAKER. I thought you did. I do not know. I can not tell you offhand. I was to mark them at lunch time for you, and then you will get it.

Mr. UNTERMYER. Let us see about that. You are a director, are you not, of 11 railroads? You are a director in the New York Central, are you not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And in the New York, New Haven & Hartford Railroad?

Mr. BAKER. Yes.

Mr. UNTERMYER. And in the Reading?

Mr. BAKER. Yes.

Mr. UNTERMYER. The Central Railroad of New Jersey?

Mr. BAKER. Yes.

Mr. UNTERMYER. The Erie?

Mr. BAKER. Yes.

Mr. UNTERMYER. The New York, Susquehanna & Western?

Mr. BAKER. Yes.

Mr. UNTERMYER. You are not sure about that, are you?

Mr. BAKER. I did not remember it.

Mr. UNTERMYER. The Lehigh Valley; are you a director of that?

Mr. BAKER. Yes.

Mr. UNTERMYER. The Delaware, Lackawanna & Western?

Mr. BAKER. Yes.

Mr. UNTERMYER. The Chicago, Burlington & Quincy?

Mr. BAKER. Yes.

Mr. UNTERMYER. The Northern Pacific?

Mr. BAKER. Yes.

Mr. UNTERMYER. Are you also a director of the Cincinnati, Hamilton & Dayton?

Mr. BAKER. No, sir.
Mr. UNTERMYER. Are you a voting trustee there?
Mr. BAKER. No, sir.
Mr. UNTERMYER. Are you sure about that, Mr. Baker?
Mr. BAKER. I hope so.
Mr. UNTERMYER. You are sure, Mr. Baker?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. Will you just guess again and tell us whether you are not a director in the Cincinnati, Hamilton & Dayton. That is under a voting trust, is it not?

No reply.

Mr. UNTERMYER. Were you not concerned in that reorganization as an underwriter with Messrs. Morgan & Co.?
Mr. BAKER. I do not think as an underwriter, was I?
Mr. UNTERMYER. Let me see if I can refresh your memory as to whether you are a director in the Cincinnati, Hamilton & Dayton.
Mr. BAKER. I have answered that question and I will stand on that.
Mr. UNTERMYER. Wait a moment. Are not the voting trustees in that, Daniel Willard, of the Baltimore & Ohio, J. P. Morgan, and Norman B. Ream, under a voting trust that expires in 1913?
Mr. BAKER. I do not know. That is the first I had heard of it.
Mr. UNTERMYER. You do not know whether you are a director?
Mr. BAKER. Oh, yes; I told you I was not.
Mr. UNTERMYER. You are not a director?
Mr. BAKER. No, sir.
Mr. UNTERMYER. You know that the road was in receivership, do you not?
Mr. BAKER. Yes.
Mr. UNTERMYER. How is it controlled now?
Mr. BAKER. I do not know. I have heard by the Baltimore & Ohio, I think.
Mr. UNTERMYER. Do you not know that the Baltimore & Ohio controls it?
Mr. BAKER. No; I do not.
Mr. UNTERMYER. That is has an option on a majority of the stock?
Mr. BAKER. No; I do not.
Mr. UNTERMYER. Or that Mr. Willard, of the Baltimore & Ohio, is one of the voting trustees.
Mr. BAKER. I did not know it until you told me a moment ago.
Mr. UNTERMYER. There was an underwriting syndicate on the organization of the Cincinnati, Hamilton & Dayton, was there not?
Mr. BAKER. I do not know.
Mr. UNTERMYER. Do you not know whether your bank or you were an underwriter with J. P. Morgan & Co.?
Mr. BAKER. I do not remember that we were.
Mr. UNTERMYER. Do you know whether you were or not?
Mr. BAKER. I would not like to say so under oath, but I think not. Do you know whether we were [addressing George F. Baker, jr.]?
Mr. GEORGE F. BAKER, Jr. I do not think we were, just as you state.
Mr. UNTERMYER. What is that?

Mr. BAKER. I asked my son whether he thought we were, and he said he did not.

Mr. UNTERMYER. My data must be wrong as to that, then. Mr. Baker, do you see any reason why the minority holders in banks should not be represented on the boards through a system of cumulative voting?

Mr. BAKER. I think it works first-rate just as it is.

Mr. UNTERMYER. You think everything is all right as it is in this world, do you not?

Mr. BAKER. Pretty nearly.

Mr. UNTERMYER. You would not like to see any kind of a change of any sort, would you?

Mr. BAKER. I will not admit that.

Mr. UNTERMYER. I mean in corporate management.

Mr. BAKER. Yes.

Mr. UNTERMYER. Would you?

Mr. BAKER. I think we have had a great many good changes. Take your national banking act. For 50 years it has been run the same, and it has been run finely.

Mr. UNTERMYER. You think it has run finely and would not like to see it changed?

Mr. BAKER. I would think a number could be made.

Mr. UNTERMYER. What, for instance?

Mr. BAKER. I do not happen to think of any at the moment.

Mr. UNTERMYER. Can you give us any idea of the number of changes?

Mr. BAKER. I will not go into that question, because I have not thought of it.

Mr. UNTERMYER. You would rather see it let alone?

Mr. BAKER. No; I would be very glad to see them make changes. They made some changes two or three years ago for the first time in a century almost, or half a century, and very good ones.

Mr. UNTERMYER. You say we had better let things alone as they are. Don't you think where 51 per cent of a bank is owned by one man or a group of men that the other 49 per cent ought to have the right to some representation on the board of that bank—a legal right to it.

Mr. BAKER. I would not see any objection to any such law.

Mr. UNTERMYER. I say, do you not think that it is right and just that they should have a representation?

Mr. BAKER. I think it would be very fair.

Mr. UNTERMYER. And you would favor such an amendment of the law, would you not?

Mr. BAKER. I would not like to say offhand, but I think I would.

Mr. UNTERMYER. Do you know what cumulative voting is?

Mr. BAKER. No; I do not—enough to speak intelligently.

Mr. UNTERMYER. Cumulative voting would entitle a stockholder who had, say, one-seventh of the stock to have one director if the bank were electing seven directors. Do you see?

Mr. BAKER. Yes.

Mr. UNTERMYER. In other words, every part of the stock would be entitled to vote instead of disfranchising the entire minority. Don't you think that is just?

Mr. BAKER. It seems so to me. I do not think that would be unfair.

Mr. UNTERMYER. What would you say of such a law relative to interstate railroad corporations? Would you give a minority also a representation on the board?

Mr. BAKER. I do not see any objection to it at the moment.

Mr. UNTERMYER. You know that as it stands now they get no representation whatever, do you not?

Mr. BAKER. The minorities?

Mr. UNTERMYER. Yes, sir.

Mr. BAKER. No, sir.

Mr. UNTERMYER. None whatever. Has your bank a bond department?

Mr. BAKER. Yes.

Mr. UNTERMYER. For the sale of your bonds?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And has the Security Co. a department for the sale of securities?

Mr. BAKER. No.

Mr. UNTERMYER. Or is it all done through the bank?

Mr. BAKER. It is done by the officers of the Security Co., who are the same officers.

Mr. UNTERMYER. They are all bank officers?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Does this same department do service for both companies in the sale of securities?

Mr. BAKER. We naturally would do it through that department. There are so few of the securities to sell that it would not amount to much. It would be done through that department. We would, naturally, give the order to the First National Bank if we were going to sell something.

Mr. UNTERMYER. Do you know what is the amount of your holdings of securities now in the First National Bank—how much you own in value?

Mr. BAKER. I think it is something over $40,000,000?

Mr. UNTERMYER. Is it not over $60,000,000?

Mr. BAKER. Oh, no.

Mr. UNTERMYER. Does the bank own any stocks?

Mr. BAKER. No.

Mr. UNTERMYER. Does it not own some Chicago Street Railway stock?

Mr. BAKER. No; I do not think so. The comptroller would not let us.

Mr. UNTERMYER. Does it not own 1,050 shares?

Mr. BAKER. I do not think so.

Mr. UNTERMYER. It owns bonds of that railroad, does it not?

Mr. BAKER. Quite likely.

Mr. UNTERMYER. Does it not own 750 shares?

Mr. BAKER. That is quite likely.

Mr. UNTERMYER. You say your recollection is that all the security holdings of the First National Bank are not much over $40,000,000 in value to-day?

Mr. BAKER. Call it $45,000,000, say. Here is one of our reports. I will tell you in just half a minute. On November 26 there were $43,466,000.

Mr. UNTERMYER. And the total deposits that day were how much?
Mr. BAKER. $110,000,000, roughly.
Mr. UNTERMYER. Of that $110,000,000 you have to keep a reserve of 25 per cent?
Mr. BAKER. Yes, sir—no; that is the gross.
Mr. UNTERMYER. The cash and deposits together were how much?
Mr. BAKER. Oh, no, they are on opposite sides.
Mr. UNTERMYER. I know.
Mr. BAKER. That is it, $110,000,000.
Mr. UKTERMYER. You say the deposits are among the liabilities?
Mr. BAKER. That is our gross deposits.
Mr. UNTERMYER. $110,000,000.
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. You have to keep 25 per cent of that?
Mr. BAKER. Not of that $110,000,000, because the exchanges, which were about $10,000,000 that day, and due from banks, over $2,000,000, are deducted from that.
Mr. UNTERMYER. What is the figure of which you have to keep 25 per cent?
Mr. BAKER. About $98,000,000, I should say.
Mr. UNTERMYER. Then you have got to keep 25 per cent of $98,000,000?
Mr. BAKER. Yes.
Mr. UNTERMYER. That leaves about $74,000,000 available, does it not?
Mr. BAKER. After taking off 25 per cent?
Mr. UNTERMYER. After taking off the cash reserve required to be kept.
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. Now, you say you have $43,000,000 of that invested?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. That leaves how much available for loaning purposes—about $30,000,000?
Mr. BAKER. Well, we had $30,000,000 of demand loans and $25,000,000 of time loans and discounts.
Mr. UNTERMYER. Of course, you add in there your capital and surplus?
Mr. BAKER. Yes.
Mr. UNTERMYER. Are you a director of the Colorado Southern?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. Are you a voting trustee in the Chicago Great Western? I think you said you were.
Mr. BAKER. Yes.
Mr. UNTERMYER. Who are your cotrustees?
Mr. BAKER. I can not say.
Mr. UNTERMYER. Sir?
Mr. BAKER. I am sorry; I can not tell you offhand.
Mr. UNTERMYER. How many of them are there?
Mr. BAKER. I think three. We have never——
Mr. UNTERMYER. When was this voting trust created?
Mr. BAKER. A year or so ago, I think.
Mr. UNTERMYER. In 1909, was it not?
Mr. BAKER. Oh, I should not think so.

Mr. UNTERMYER. Perhaps we can help you out. Are not your co-trustees, who vote for all the directors of the company, Mr. J. P. Morgan and Mr. Robert Fleming, of London?

Mr. BAKER. That is right; that is correct.

Mr. UNTERMYER. You are sure that is right, are you?

Mr. BAKER. Yes. I could not call it to mind at the moment.

Mr. UNTERMYER. Did J. P. Morgan & Co. reorganize that road?

Mr. BAKER. Yes; either they did or they are doing it.

Mr. UNTERMYER. They did reorganize it, did they not?

Mr. BAKER. I do not know.

Mr. UNTERMYER. Were you not an underwriter?

Mr. BAKER. I do not think so.

Mr. UNTERMYER. Do you know whether you were or not?

Mr. BAKER. I am very certain——

Mr. UNTERMYER. Is there not some way in which your books would show whether your bank had underwritten the new securities of that road, and to what extent?

Mr. BAKER. Oh, yes; there is some way. I think we did buy some of the bonds.

Mr. UNTERMYER. Did not the security company underwrite part of that issue of those reorganized securities under the reorganization plan?

Mr. BAKER. The Security did not, but the First National Bank had an interest in the bond syndicate.

Mr. UNTERMYER. The First National Bank was an underwriter, was it not?

Mr. BAKER. It had an interest in the bond syndicate. I do not think I knew it before.

Mr. UNTERMYER. They underwrote part of the bond syndicate, did they?

Mr. BAKER. I do not know just what they did.

Mr. UNTERMYER. What was the bond syndicate? What was the amount?

Mr. BAKER. I do not know, sir.

Mr. UNTERMYER. What was the stock syndicate?

Mr. BAKER. I do not know.

Mr. UNTERMYER. Was there an assessment on the stock?

Mr. BAKER. I do not know that.

Mr. UNTERMYER. Did you underwrite any of the stock?

Mr. BAKER. Personally? No; I know I did not.

Mr. UNTERMYER. Or your bank?

Mr. BAKER. I do not know, sir.

Mr. UNTERMYER. Or your security company?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You can not tell us?

Mr. BAKER. No, sir; we did not.

Mr. UNTERMYER. You do not know the extent of your participation in the reorganization, do you?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Were you interested in the road?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Why should you be a voting trustee and vote everybody else's stock?

Mr. BAKER. I think probably Mr. Morgan and Mr. Fleming asked me to do it, and I was too good-natured to refuse.

Mr. UNTERMYER. Did Mr. Fleming talk to you about it?

Mr. BAKER. I think he did once.

Mr. UNTERMYER. Do you know by whom you were requested to become a voting trustee?

Mr. BAKER. I do not remember; no, sir.

Mr. UNTERMYER. The powers of a voting trustee are very broad and drastic, are they not?

Mr. BAKER. I suppose so.

Mr. UNTERMYER. Has there ever been a meeting of the voting trustees?

Mr. BAKER. No, sir; not when I have been present.

Mr. UNTERMYER. Do you not know that the stock has been deprived of its vote, and that you have got the vote on that stock?

Mr. BAKER. That is what I suppose; yes, sir.

Mr. UNTERMYER. And yet you do not know whether, in the three or four years in which you have had that power, you have ever had a meeting of the trustees, or whether——

Mr. BAKER (interposing). I do not think it is over a year.

Mr. UNTERMYER. What is that?

Mr. BAKER. I do not think it is much over a year. It seems to me quite recent.

Mr. UNTERMYER. Well, let us see about that.

Mr. BAKER. I will not dispute that. I do not care what time it was. It makes no difference whether it was one year or ten years. The facts are the same.

Mr. UNTERMYER. What are the facts?

Mr. BAKER. The fact that I am a voting trustee.

Mr. UNTERMYER. Has it not been in existence since September, 1909; and does it not expire in September, 1914?

Mr. BAKER. All right; I do not know; I do not dispute that.

Mr. UNTERMYER. At any rate, during all that time, what have you done toward exercising the power put in you by the stockholders on reorganization?

Mr. BAKER. Nothing special.

Mr. UNTERMYER. Have you not named the directors?

Mr. BAKER. In conjunction with the others.

Mr. UNTERMYER. How have you done it?

Mr. BAKER. In the usual way, by appointing a proxy, if I remember correctly.

Mr. UNTERMYER. Who have you appointed as proxy?

Mr. BAKER. I do not remember that.

Mr. UNTERMYER. You mean those things are just sent over from Mr. Morgan's office to you and you sign them?

Mr. BAKER. I do not think they ever were but once.

Mr. UNTERMYER. There have been elections, probably, for three or four years?

Mr. BAKER. I do not happen to remember it.

Mr. UNTERMYER. On whom do you rely in signing papers of that kind where you are constituted a voting trustee?

Mr. BAKER. I would rely in that thing on Mr. Morgan and Mr. Fleming very decidedly.

Mr. UNTERMYER. You are also a voting trustee, are you not, of the Southern Railway?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Who are your cotrustees there?

Mr. BAKER. Mr. Morgan and Mr. Lanier.

Mr. UNTERMYER. Mr. J. P. Morgan?

Mr. BAKER. Yes.

Mr. UNTERMYER. How long has that voting trust been in existence?

Mr. BAKER. For a number of years. I could not tell you just how long.

Mrr. UNTERMYER. Are you a director in the Southern Railway?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You are just a voting trustee?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Were you concerned in the reorganization of the road?

Mr. BAKER. I do not recollect at the moment. I think likely.

Mr. UNTERMYER. Who were the reorganization managers?

Mr. BAKER. I could not tell you.

Mr. UNTERMYER. Was it not J. P. Morgan & Co.?

Mr. BAKER. I suppose so. I expect it was.

Mr. UNTERMYER. Is that your recollection?

Mr. BAKER. Yes.

Mr. UNTERMYER. At any rate, they own and control the road, do they not?

Mr. BAKER. Yes.

Mr. UNTERMYER. And they do the Chicago Great Western, under this voting trust?

Mr. BAKER. Yes.

Mr. UNTERMYER. Since 1894 have you been exercising the prerogatives of the stockholders in voting that stock?

Mr. BAKER. The Southern?

Mr. UNTERMYER. Yes.

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Have you had any meetings of the voting trustees?

Mr. BAKER. Very informal ones.

Mr. UNTERMYER. How frequently have they met since 1894?

Mr. BAKER. Probably they would not meet more than once a year.

Mr. UNTERMYER. Have they met once a year?

Mr. BAKER. Not to come together in a formal meeting; no.

Mr. UNTERMYER. How have they met in this informal way that you intimate?

Mr. BAKER. When we come together we speak of it, talk of it.

Mr. UNTERMYER. You talk about that, at least?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. You have never talked about the Chicago Great Western as to who should be the directors?

Mr. BAKER. I think I did talk with Mr. Steele one time; not with the other members.

Mr. UNTERMYER. Who have you put on the board of directors of the Southern Railroad? Have you left the same men that were there before?

Mr. BAKER. Practically, but not identically.
Mr. UNTERMYER. You mean when a man dies another is elected?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. Who elects him?
Mr. BAKER. The active members, like Mr. Finley, would have more to say than almost anybody.
Mr. UNTERMYER. Have you ever talked with Mr. Finley about it?
Mr. BAKER. Yes.
Mr. UNTERMYER. What director has Mr. Finley ever suggested?
Mr. BAKER. I guess he has suggested most of the new ones that have come in.
Mr. UNTERMYER. He is the president of the road?
Mr. BAKER. Yes.
Mr. UNTERMYER. How long has he been president?
Mr. BAKER. Ever since Mr. Spencer died.
Mr. UNTERMYER. Who selected him? You?
Mr. BAKER. The board of directors.
Mr. UNTERMYER. Yes; but what particular man picked him out to run that road?
Mr. BAKER. Mr. Morgan, I should judge; or more likely, Mr. Steele.
Mr. UNTERMYER. As a matter of fact, most of these railroad presidents nowadays are practical railroad men, are they not?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. They are selected nowadays because they are practical men and not figureheads?
Mr. BAKER. Yes.
Mr. UNTERMYER. Are they selected generally by the financial interests that are responsible for the road for its successful operation?
Mr. BAKER. That was so in this case.
Mr. UNTERMYER. Is not that the rule?
Mr. BAKER. Yes; I think so.
Mr. UNTERMYER. You are a large stockholder, and your bank is a large stockholder in Southern Railway securities, is it not?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. Is it or not the fact that the Mutual Life, with which you are connected, is a very large holder of Southern Railway securities?
Mr. BAKER. Yes, sir. They are holders.
Mr. UNTERMYER. Do they not hold something over $10,000,000 of $12,000,000 of it?
Mr. BAKER. Their statement is there. I should not wonder. It would not be a very large amount for them to hold.
Mr. UNTERMYER. Have there been a number of bond issues of the Southern Railway since 1904 and 1905?
Mr. BAKER. I would not say there have been a number.
Mr. UNTERMYER. Have you not participated in at least five of them?
Mr. BAKER. I did not suppose there were so many.
Mr. UNTERMYER. Let us see if I can remind you
Mr. BAKER. I would not remember, even if you did.
Mr. UNTERMYER. We will try it, anyway.
Mr. BAKER. It was done in the bank.

Mr. UNTERMYER. Were all those bond issues made jointly by the First National Bank with Messrs. Morgan?

Mr. BAKER. I think not.

Mr. UNTERMYER. Let us see if they were.

Mr. BAKER. Well.

Mr. UNTERMYER. The City Bank participated in some of them, did it not?

Mr. BAKER. I think likely.

Mr. UNTERMYER. Who else participated?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. Was there, in 1905, a loan made to the company of $2,000,000 at 5 per cent, payable in semiannual installments?

Mr. BAKER. I do not remember it.

Mr. UNTERMYER. Was that loan made by Morgan & Co. and yourself?

Mr. BAKER. I do not remember. If you have any record of that fact, we will admit it.

Mr. UNTERMYER (reading):

February 21, 1905—

I am reading from a statement of J. P. Morgan & Co.—

We loaned the company $2,000,000 at 5 per cent, payable in 6 semiannual installments; associate, First National Bank.

Do you remember that?

Mr. BAKER. I do not happen to remember it. I accept it.

Mr. UNTERMYER. You have no doubt about it?

Mr. BAKER. No.

Mr. UNTERMYER. What is your recollection as to this transaction [reading]?—

November 13, 1905. Loaned the company $2,750,000 on its 5 per cent notes, running for 9 months; First National Bank and J. P. Morgan & Co.

Mr. BAKER. I think very likely.

Mr. UNTERMYER. And this: You and J. P. Morgan & Co. bought of the company $2,000,000 of consolidated 5 per cent bonds December 18, 1905?

Mr. BAKER. As I say, I have no definite recollection of it. I do not doubt but what we did.

Mr. UNTERMYER. Are these matters so small that they have escaped your recollection?

Mr. BAKER. No. As I say, I have not had much to do with the bank lately.

Mr. UNTERMYER. But this is back in 1905.

Mr. BAKER. I have forgotten it, then.

Mr. UNTERMYER. You were mighty active then, were you not?

Mr. BAKER. But I have forgotten it.

Mr. FISHER A. BAKER. You must remember, Mr. Untermyer, that he is 73 years old, and——

Mr. UNTERMYER. Let us proceed in order. Please do not interrupt.

The CHAIRMAN. Yes; let the witness continue. He is answering all the questions.

Mr. UNTERMYER. It is not at all surprising, Mr. Baker, that you should not remember everything.

Mr. BAKER. I am not like you, Mr. Untermyer.

Mr. UNTERMYER. Here is a transaction: "May 1, 1905, $15,000,000 development and general mortgage 4s." Do you remember a purchase of that kind in conjunction with Messrs. Morgan and the City Bank?

Mr. BAKER. Practically. I do not remember the date exactly, but I know we bought a lot of bonds there.

Mr. UNTERMYER. That is May, 1909; not 1905.

Mr. BAKER. Yes.

Mr. UNTERMYER. That you would remember, would you not?

Mr. BAKER. I do not remember the date or just the amount.

Mr. UNTERMYER. Do you remember a transaction of this kind: In September, 1909, did you purchase $5,000,000 of 5 per cent consolidated bonds of the Southern Railway for Messrs. Morgan, your bank, and the City Bank?

Mr. BAKER. I do not happen to remember it. I think I was abroad at that time.

Mr. UNTERMYER. In September? September 20?

Mr. BAKER. In September; yes. I think I was abroad then.

Mr. UNTERMYER. All these questions I have asked concerning these bond and note purchases refer to the Southern Railway.

Mr. BAKER. Yes; I understand.

Whereupon, at 1 o'clock p. m., a recess was taken until 2 o'clock p. m.

AFTER RECESS.

At the expiration of the recess, the hearing was resumed.

TESTIMONY OF MR. GEORGE F. BAKER—Continued.

Mr. UNTERMYER. Mr. Baker, have you, during the recess, considered with counsel the question of furnishing the information and data referred to in my letter to the First National Bank, of December 24, 1912?

Mr. BAKER. Yes.

Mr. UNTERMYER. What conclusion has been reached?

Mr. BAKER. The advice of our counsel is that you have not a right to ask it, and I do not feel that I have a right to give it. But we want to do what the committee wants and if your committee, after consideration, decides absolutely that you want it, I will ask our directors' permission to give it on next Tuesday.

Mr. UNTERMYER. The committe decided some time ago that it wanted this data when it wrote for it, and if you say you will furnish it, with the approval of your board of directors, I think the Chairman will allow a brief intermission for that purpose.

The CHAIRMAN. The Chair announces that the committee will give time to the witness, who feels that in this matter he is acting in a representative capacity, to submit the matter to the board.

Mr. BAKER. It would take that time to make them up.

Mr. UNTERMYER. Has it not been made up yet?

Mr. BAKER. Not to my knowledge.

Mr. UNTERMYER. None of it has been made up?

Mr. FISHER A. BAKER. Some of it has.

Mr. BAKER. I do not know.

Mr. UNTERMYER. You said it was being made up, subject to the determination of this question?

Mr. FISHER A. BAKER. The word I sent you was that the information was being collected, and it has been.

Mr. UNTERMYER. It has been?

Mr. BAKER. It probably has not been made up, but I do not know.

Mr. UNTERMYER. The committee wants the data called for in the letter of December 24.

Mr. BAKER. I understand that.

Mr. UNTERMYER. Is it understood, then, subject to the ratification of the board, that that data will be furnished the committee before Wednesday next?

Mr. BAKER. Yes; it ought to be able to go off Tuesday night.

Mr. UNTERMYER. We will pass that, then, for the present.

Mr. FISHER A. BAKER. Was not that to be in cases where the amount was over $500,000?

Mr. UNTERMYER. Where the amount is under $500,000, we do not care for the transactions.

Mr. BAKER. I would be very glad to have you save us as much work on it as you can, because it is such a short time, but whatever you want we will give you.

Mr. UNTERMYER. The purpose of this committee is to show these large transactions jointly with other banking houses, and where a series of transactions in the same security amount to as much as $500,000, then we want that transaction or that series. You understand that?

Mr. BAKER. Yes.

Mr. UNTERMYER. You understand, also, that where you buy or sell $100,000 or $200,000 of bonds, that is a thing we do not care anything about.

Mr. SPOONER. You still leave the $500,000 limit?

Mr. UNTERMYER. Yes; $500,000 and over is the limit.

Mr. BAKER. If we give it to you, we will try to give it to you as near the way you want it as we can.

Mr. UNTERMYER. How do you understand the arrangement, Mr. Baker? That you are to give us all transactions of $500,000 and over?

Mr. BAKER. What is requested in your letter, all amounts of $500,000 and over, and amounts under that we need not gather.

Mr. UNTERMYER. That is quite correct.

Mr. FISHER A. BAKER. Was it not part of the arrangement that we should send a witness here?

Mr. UNTERMIYER. We will discuss that later.

Mr. BAKER. I do not know what your letter said, but you said the other day back for 10 years, did you not?

Mr. UNTERMYER. Yes.

Mr. BAKER. Yes.

Mr. UNTERMYER. You will simply follow the requirements of the letter.

Mr. BAKER. Yes.

Mr. SPOONER. Is that the same letter you addressed to others?

Mr. UNTERMYER. Yes; the same letter which was addressed to others. At the recess the committee was taking up with you the various voting trusts with respect to which you were a voting

trustee. I want to call your attention now to the Cramp Co.—Cramp & Sons is the name of the company, is it not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Are you a voting trustee there?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Who are your associate trustees?

Mr. BAKER. Mr. Stotesbury, and I do not remember the other.

Mr. UNTERMYER. Mr. Stotesbury of the firm of J. P. Morgan & Co.?

Mr. BAKER. Yes.

Mr. UNTERMYER. How many are there?

Mr. BAKER. I think there are three.

Mr. UNTERMYER. Is Mr. Rich Rushton the third?

Mr. BAKER. I think he is the third. They are Philadelphia people—the other two.

Mr. UNTERMYER. Do you remember when that voting trust was created?

Mr. BAKER. Several years ago; that is all I know.

Mr. UNTERMYER. Was it in June, 1903?

Mr. BAKER. Was it as long as that? I did not think it was so long.

Mr. UNTERMYER. Is it still in force?

Mr. BAKER. Yes.

Mr. UNTERMYER. Was that voting trust created incidentally to a reorganization of Cramp & Sons?

Mr. SPOONER. Is that the shipbuilding company?

Mr. UNTERMYER. Was it?

Mr. BAKER. I am trying to think. I do not remember whether it was reorganized or not.

Mr. UNTERMYER. You do not know how you became a voting trustee?

Mr. BAKER. I have forgotten.

Mr. UNTERMYER. Were you interested in the company?

Mr. BAKER. Slightly.

Mr. UNTERMYER. Was the bank interested?

Mr. BAKER. They may have had some loans or something in it, but I do not remember.

Mr. UNTERMYER. You do not remember the character of your interest?

Mr. BAKER. No.

Mr. UNTERMYER. Or the amount of it?

Mr. BAKER. No. It was very small, if any.

Mr. UNTERMYER. Who had charge of the transaction?

Mr. BAKER. I could not tell you.

Mr. UNTERMYER. Was it not J. P. Morgan & Co.?

Mr. BAKER. I do not think so, but I do not remember.

Mr. UNTERMYER. I mean the Philadelphia firm of Drexel & Co.

Mr. BAKER. The same thing; yes, sir.

Mr. UNTERMYER. It was Drexel & Co., was it not?

Mr. BAKER. I do not remember. I think likely.

Mr. UNTERMYER. Who asked you to become a voting trustee?

Mr. BAKER. I do not recall. I presume it was Mr. Stotesbury, but I do not recall.

Mr. UNTERMYER. From 1903 on, have you and Mr. Stotesbury named the directors of the company?

Mr. BAKER. Yes, sir; I think so.
Mr. UNTERMYER. Have you met for the purpose?
Mr. BAKER. Not formally.
Mr. UNTERMYER. Have you talked it over together?
Mr. BAKER. Yes.
Mr. UNTERMYER. Have you named anybody?
Mr. BAKER. No.
Mr. UNTERMYER. Who named them? Did Mr. Stotesbury select them?
Mr. BAKER. I think I did name one. I think I named some years ago Mr. Hine; yes.
Mr. UNTERMYER. But the others were named by whom?
Mr. BAKER. I do not remember. We generally would talk it over and did not name anybody particularly.
Mr. UNTERMYER. You say you and Mr. Stotesbury talked it over?
Mr. BAKER. Well, Mr. Rushton, more likely. He was right there in Philadelphia, and he probably talked it over.
Mr. UNTERMYER. But you do not remember anything about how they were named?
Mr. BAKER. No.
Mr. UNTERMYER. You said you were a director of the Northern Pacific Railway Co.?
Mr. BAKER. Yes.
Mr. UNTERMYER. Have you been a director ever since the reorganization?
Mr. BAKER. No, sir.
Mr. UNTERMYER. Were you not concerned in the reorganization?
Mr. BAKER. I think not. I am quite certain not.
Mr. UNTERMYER. When I say you, was not your bank concerned?
Mr. BAKER. I understood what you meant.
Mr. UNTERMYER. Mr. James J. Hill, of the Great Northern is an influential director in your bank?
Mr. BAKER. I hope so.
Mr. UNTERMYER. What?
Mr. BAKER. I hope he is influential..
Mr. UNTERMYER. Do you know whether or not he is an influential director?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. He is, is he not?
Mr. BAKER. Yes.
Mr. UNTERMYER. Through Mr. Hill has the bank done a great deal of business with the Great Northern Railway?
Mr. BAKER. I can not remember but one transaction, but still I would not——
Mr. UNTERMYER. Have you not made bond issues for them?
Mr. BAKER. I think not. I do not remember but one.
Mr. UNTERMYER. You have made whatever bond issues they have had, have you not?
Mr. BAKER. I think that is the only one they have had.
Mr. UNTERMYER. How large a bond issue was that?
Mr. BAKER. Twenty millions. I was in Europe at the time and I do not remember.
Mr. UNTERMYER. Did you have any banking house associated with you?

Mr. BAKER. Did we?

Mr. UNTERMYER. Did you not make it in conjunction with J. P. Morgan & Co.?

Mr. BAKER. I was just asking. I was in Europe and did not know anything more about it than you do.

Mr. UNTERMYER. What is your information?

Mr. BAKER. My information is that we did—J. P. Morgan & Co. were interested with us.

Mr. UNTERMYER. Are any of the members of your bank directors in the Great Northern?

Mr. BAKER. No, sir; leaving out Mr. Hill, of course.

Mr. UNTERMYER. Other than Mr. Hill?

Mr. BAKER. No.

Mr. UNTERMYER. The Northern Pacific and the Great Northern are supposed to be competitors, are they not?

Mr. BAKER. Yes, sir; I just left the gentleman that made us competitors.

Mr. UNTERMYER. You mean you just left Mr. Wickersham?

Mr. BAKER. No; Mr. Knox is the fellow who did that.

Mr. UNTERMYER. Since he made you competitors has there been any difference in the manner of running that business than there was before?

Mr. BAKER. I do not happen to know any two roads where there is more competition than there is between those.

Mr. UNTERMYER. Mr. Hill is largely interested in both, is he not?

Mr. BAKER. Yes.

Mr. UNTERMYER. He has practically a controlling voice in both?

Mr. BAKER. No; I could not say that.

Mr. UNTERMYER. Don't you know he has?

Mr. BAKER. No.

Mr. UNTERMYER. Do you know whether he has or not?

Mr. BAKER. No. I should say he has not.

Mr. UNTERMYER. Do you know the extent of his holdings?

Mr. BAKER. No. I think when the Northern Securities was divided up he had more Northern Pacific than he had Great Northern.

Mr. UNTERMYER. And so did every stockholder.

Mr. BAKER. Pretty nearly.

Mr. UNTERMYER. You were among them, were you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. You have securities in both, have you not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And so has your bank, has it not?

Mr. BAKER. You mean the trust company?

Mr. UNTERMYER. The security company.

Mr. BAKER. Yes.

Mr. UNTERMYER. The security company has them now?

Mr. BAKER. Yes.

Mr. UNTERMYER. With that identity of stock ownership in the two competing companies you do not think that that interferes at all with their competitive character?

Mr. BAKER. It does not seem to.

Mr. UNTERMYER. You do not think it does?

Mr. BAKER. No.

Mr. UNTERMYER. You think if a man has the same amount of securities in two competing companies that he would try just as hard to compete, one with the other, as if he had not?

Mr. BAKER. He practically has no more to do with it than you have. That is done by the officers of the company. They do not pay any attention to the directors.

Mr. UNTERMYER. The officers pay no attention to the directors?

Mr. BAKER. That is, in regard to their business.

Mr. UNTERMYER. The policy of a railroad company, then, is determined entirely by its officers, and the directors have nothing to do with it?

Mr. BAKER. I do not know as the policy is.

Mr. UNTERMYER. Sir?

Mr. BAKER. I do not know that the policy is, but competition for the business is.

Mr. UNTERMYER. Is not competition a question of policy, the extent to which it shall be carried?

Mr. BAKER. I never heard of it coming up in a board, though.

Mr. UNTERMYER. What?

Mr. BAKER. That is one of the things that is supposed to be always to the extent that you can get it.

Mr. UNTERMYER. Who are the officers of the Northern Pacific and Great Northern? Who are the presidents?

Mr. BAKER. Mr. Elliott is the president of the Northern Pacific, and a gentleman named Gray has just become president of the Great Northern.

Mr. UNTERMYER. Who selected them?

Mr. BAKER. I do not know.

Mr. UNTERMYER. Was it Mr. Hill?

Mr. BAKER. He did not select Mr. Elliott. I do not know whether he selected Mr. Gray or not.

Mr. UNTERMYER. How do you know he did not select Mr. Elliott?

Mr. BAKER. Because that was the Northern Pacific.

Mr. UNTERMYER. Yes; but since the so-called break-up of the Northern Securities Co., has not Mr. Hill been quite as dominant in one as in the other?

Mr. BAKER. Oh, no, no.

Mr. UNTERMYER. He has a larger holding in the Northern Pacific?

Mr. BAKER. I do not know. When the division occurred he certainly had, but whether he has now, I do not know. I do not know whether he has any now.

Mr. UNTERMYER. He started with larger holdings in the Northern Pacific?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. From whom do the officers take their instructions, if not from Mr. Hill?

Mr. BAKER. They take them from the president.

Mr. UNTERMYER. But Mr. Elliott is the president.

Mr. BAKER. Oh.

Mr. UNTERMYER. From whom does he take his instructions as to the policy?

Mr. BAKER. I guess that is the officers' business to make their own policy. If there is any special policy the directors or executive committee would give it to them.

Mr. UNTERMYER. Then the board of directors or executive committee do, in effect, lay down the policy, do they not?

Mr. BAKER. They could, but I do not remember of their ever doing it.

Mr. UNTERMYER. Are you a member of the executive committee?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Of the Northern Pacific?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And is Mr. Hine a member of the board of the Great Northern?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Do you remember when a man named Alvord decamped with about $700,000 of the First National Bank's money?

Mr. BAKER. I do not think I am likely to forget it.

Mr. UNTERMYER. No; that is one of the things you do remember. When was that?

Mr. BAKER. Well, I can not remember the date, but I remember the circumstance.

Mr. UNTERMYER. The year, about?

Mr. BAKER. Oh, 10 or a dozen years ago, I should think; 10 or 15.

Mr. UNTERMYER. It amounted to about $700,000, did it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. From what fund was that loss charged off?

Mr. BAKER. Profit and loss account.

Mr. UNTERMYER. The charging off of that loss did not affect the surplus for that year, did it?

Mr. BAKER. I do not believe it did. Of course we probably had enough money without it.

Mr. UNTERMYER. That is just what I want to find out, where you carry this money which enables you to charge off a loss of $700,000 without interfering with your surplus and profits.

Mr. BAKER. I have no recollection of that item, but we probably carried up profits that year sufficiently to do it.

Mr. UNTERMYER. No; but it did not come out of your profits that year at all, did it? It came out of a suspense account?

Mr. BAKER. I do not think so, but if you say it did, I will not dispute you.

Mr. UNTERMYER. Do you know?

Mr. BAKER. I do not remember. I know we made money enough that year to take care of it.

Mr. UNTERMYER. No; but apart from the money you made that year, was any part of that profit charged off from your profits of that year, or was it charged off from another fund?

Mr. BAKER. It was not charged off from another fund. Every dollar must have been charged off from that fund, or into suspended debt, I do not know.

Mr. UNTERMYER. That is what I am talking about. Was it not charged off from a suspense account which did not go into the profits at all, and is there not a large suspense account of that kind?

Mr. BAKER. No.

Mr. UNTERMYER. Do you know whether there is such an account?

Mr. BAKER. Certainly there is.

Mr. UNTERMYER. Do you know how large it is?

Mr. BAKER. Yes, sir; to-day it is about $140,000.

Mr. UNTERMYER. Do you know whether it has been very many millions of dollars at times?

Mr. BAKER. Oh, no, no.

Mr. UNTERMYER. Is there any objection to producing the figures with respect to that account?

Mr. BAKER. You mean the items that have been charged?

Mr. UNTERMYER. No; I do not care for the items, but I only care for the yearly statement of that account.

Mr. BAKER. I do not know that there is, if it is of any use to you. It is just the ordinary transactions of the bank.

Mr. UNTERMYER. Well, of course, that would be determined by the account itself, would it not, Mr. Baker, as to what transactions were covered by that kind of an account.

Mr. BAKER. Well, all right, if you want it.

Mr. UNTERMYER. Then you will furnish it?

Mr. BAKER. Yes.

Mr. UNTERMYER. When the capital of your bank was increased to $10,000,000, was not 40 per cent of that stock sold to certain individuals?

Mr. BAKER. Yes.

Mr. UNTERMYER. Sixty per cent of it was divided among the rest of the stockholders?

Mr. BAKER. Yes.

Mr. UNTERMYER. In what year was that?

Mr. BAKER. I have forgotten the year. You have it right on the record there.

Mr. UNTERMYER. It was 1901, was it not?

Mr. BAKER. All right.

Mr. UNTERMYER. What individuals got the 40 per cent?

Mr. BAKER. I do not see of what interest that is.

Mr. UNTERMYER. We think it is very much of interest. The capital of a national bank is increased from half a million dollars to $10,000,000, and the committee wants to know how that 40 per cent was divided, and where it went.

Mr. FISHER A. BAKER. We will furnish you a witness——

Mr. UNTERMYER. Now, Mr. Baker, I must insist upon proceeding here without interruptions.

Mr. FISHER A. BAKER. We have had a discussion about that, Mr. Untermyer——

Mr. UNTERMYER. I must ask, Mr. Chairman, that Mr. Baker not interrupt the hearing.

The CHAIRMAN. Gentlemen, the hearing must proceed in order.

Mr. FISHER A. BAKER. We have had a discussion with Mr. Untermyer, but all right, go on.

Mr. UNTERMYER. Will you tell us where that 40 per cent of the increased stock went?

Mr. BAKER. I would like to consult counsel just a moment.

Mr. UNTERMYER. Certainly.

The witness held a short consultation with counsel.

Mr. UNTERMYER. Have you consulted now with counsel?

Mr. BAKER. May I answer another question there?

Mr. UNTERMYER. Certainly.

Mr. BAKER. You asked about that Alvord thing. I do not know how it was, but my son tells me now that we charged $700,000, or whatever the amount was, to profit and loss, and we had a large profit in our bond account, or sufficient to carry that or some similar sum to profit and loss, to the credit of profit and loss.

Mr. UNTERMYER. You mean that you had an undisclosed profit in your bond account?

Mr. BAKER. Yes.

Mr. UNTERMYER. In a separate account?

Mr. BAKER. No.

Mr. UNTERMYER. Where was it?

Mr. BAKER. For instance, we had $100,000 of bonds that stood us in $90,000, and they were worth $100,000; there was $10,000, and I might take that and carry up $10,000. It was not on any one account, but a number of them.

Mr. UNTERMYER. So you revalued your securities and put them at more nearly their proper value, and in that way you made up the $700,000.

Mr. BAKER. That is the way that was done; yes, sir.

Mr. UNTERMYER. You were in the habit of carrying your securities much below their real value?

Mr. BAKER. They would depreciate—we used to charge 4 per cent, and they earned 5 and 6, and we gradually brought them down until we closed them out, and when we closed them out we carried it up to profit and loss. I did not mean that to go on the record.

Mr. UNTERMYER. You mean you had a custom of charging them up at a low rate of interest, and all excess of interest was added into this account?

Mr. BAKER. Yes.

Mr. UNTERMYER. When the stock was increased from $500,000 to $10,000,000, was 60 per cent of that increase of nine and a half million dollars divided among the stockholders?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And was the other 40 per cent kept back in a sort of trust fund?

Mr. BAKER. No, sir; it was sold to me for $300 a share.

Mr. UNTERMYER. You bought it at $300 a share?

Mr. BAKER. That is my remembrance.

Mr. UNTERMYER. How much of it was it that you bought at that time?

Mr. BAKER. 40,000 shares.

Mr. UNTERMYER. That is, 40,000 shares of the present stock?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Is that in addition to what you already held?

Mr. BAKER. Oh, yes; it has nothing to do with that.

Mr. UNTERMYER. That made your holdings how much—60,000 shares?

Mr. BAKER. I can not tell you, without looking back.

Mr. UNTERMYER. You only appeared on the books, you know, for 20,000.

Mr. BAKER. Because I bought it with the object of placing it, generally, where it would do the most good.

Mr. UNTERMYER. You did dispose of that stock subsequently?

Mr. BAKER. Yes.

Mr. UNTERMYER. Having bought it at $300?

Mr. BAKER. Yes.

Mr. UNTERMYER. The present quoted price of First National Bank stock is how much?

Mr. BAKER. About $1,000.

Mr. UNTERMYER. About $1,080 a share, is it not?

Mr. BAKER. No; I think not. I heard the other day that somebody wanted it at $1,000.

Mr. UNTERMYER. You mean that $1,000 was offered?

Mr. BAKER. There have been sales within a few days at that price.

Mr. UNTERMYER. There has been sales within a few days at that price?

Mr. BAKER. $1,000.

Mr. UNTERMYER. At $1,000 a share? At that price Mr. Morgan's personal interest in the way of stock holdings in your bank was about $15,000,000 in money, was it not?

Mr. BAKER. I do not want to discuss the personal affairs of my friends or myself.

Mr. UNTERMYER. The ownership and control of a national bank is not a personal affair, in the view of the committee.

Mr. BAKER. Oh. When you come to the prices and details of that kind it seems so to me.

Mr. UNTERMYER. He has 14,500 shares in his own right, has he not?

Mr. BAKER. I have not looked it up. You state that as the amount.

Mr. UNTERMYER. Do you not know it?

Mr. BAKER. I have no doubt that is correct.

Mr. UNTERMYER. And Mr. Davison has 1,000 shares, has he not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And Mr. Lamont has some more?

Mr. BAKER. I think we sent you a list of the stockholders, though I did not see it.

Mr. UNTERMYER. To what extent has the First Security Co., if to any extent, parted with bank stocks that it held in 1908, apart from its sale of the Chase stock?

Mr. BAKER. Very little. I can not tell you.

Mr. UNTERMYER. Can you give us no list of the bank stocks with which it has parted?

Mr. BAKER. I could from the books, but it can not be more, or I do not believe it is more than 2,000 shares. A couple of thousand shares would cover it, anyway, I am sure.

Mr. UNTERMYER. Referring back, now, to the talk you say you had with Mr. Morgan and Mr. Stillman about the purchase of the Equitable stock; before it was purchased, what reason did Mr. Morgan give for wanting to take that stock from Mr. Ryan?

Mr. BAKER. I can not remember that he gave any special reason, except that he thought it would be a good thing to be in his hands.

Mr. UNTERMYER. When he said he thought it would be a good thing to be in his hands, rather than in the hands of Mr. Ryan, what did you understand that to mean?

Mr. BAKER. I did not understand that to mean much of anything. I did not take much interest in it.

Mr. UNTERMYER. Then what he said to you was unintelligible to you, was it?

Mr. BAKER. I should not say that.

Mr. UNTERMYER. Tell us how intelligible it was and what you understood it to mean, then.

Mr. BAKER. I understood it to mean that he wanted to do it. That is all the attention I paid to it.

Mr. UNTERMYER. He did not tell you why he wanted to do it?

Mr. BAKER. I do not think he did.

Mr. UNTERMYER. You did not ask him?

Mr. BAKER. I am sure I did not.

Mr. UNTERMYER. Did he say that it was not safe with Mr. Ryan?

Mr. BAKER. I should not think so.

Mr. UNTERMYER. You did not get any such idea as that, did you?

Mr. BAKER. No; I think he thought it was better in his own hands.

Mr. UNTERMYER. Better for what?

Mr. BAKER. I do not know and did not ask him.

Mr. UNTERMYER. You said yesterday that it was one of those generous things that he did?

Mr. BAKER. Yes.

Mr. UNTERMYER. You say you do not know what he meant or why he did it? I would like to know what there was generous about it.

Mr. BAKER. Perhaps he did not think so. I did. I do not believe he is going to make any money out of it.

Mr. UNTERMYER. You do not think he will make any money out of it?

Mr. BAKER. I never did. I do not think he intended to, either.

Mr. UNTERMYER. Why did he do it?

Mr. BAKER. I can not tell you.

Mr. UNTERMYER. What do you mean by saying that it was a generous thing? What was the occasion for it?

Mr. BAKER. I can not tell you. He is the judge of that. I am not.

Mr. UNTERMYER. We want to see where we are going, and we want to understand it. Yesterday you said that it was one of those generous things that Mr. Morgan did, and you thought you might as well go along with it—you and Mr. Stillman; is that right?

Mr. BAKER. That is correct.

Mr. UNTERMYER. I want you to tell us wherein there was any generosity about it.

Mr. BAKER. I think it is always a generous thing to do a thing that is pro bono.

Mr. UNTERMYER. Wherein was there anything pro bono about that? Did you see anything pro bono about it?

Mr. BAKER. I did not see any profit in it.

Mr. UNTERMYER. Did you see anything pro bono about it?

Mr. BAKER. I think it was just as good in his hands as it was to run the chance of its being distributed all over in small amounts.

Mr. UNTERMYER. Who was distributing it? Mr. Ryan did not want to sell it, did he?

Mr. BAKER. I do not know. Mr. Ryan did not own it.

Mr. UNTERMYER. Did you not read Mr. Morgan's testimony?

Mr. BAKER. I did not read all of it.

Mr. UNTERMYER. You read where he said that Mr. Ryan hesitated about selling it, but he sold?

Mr. BAKER. Yes. I remember that.

Mr. UNTERMYER. You have no doubt that that is correct, have you?

Mr. BAKER. No; I do not think so.

Mr. UNTERMYER. Then see if you can not make us understand where there was anything pro bono about it, except that Mr. Morgan would like to have the stock?

Mr. BAKER. I call it pro bono when the thing had no prospect of any profit in it.

Mr. UNTERMYER. Let us see about the prospect of profits.

Mr. BAKER. That does not interest me at all.

Mr. UNTERMYER. It may interest the committee.

Mr. BAKER. All right. I simply did not like to take up the committee's time with it.

Mr. UNTERMYER. This stock, at the price that he was paying, yielded about one-ninth of 1 per cent a year, did it not? That is all the return it yielded?

Mr. BAKER. It is so stated, and I suppose it is correct.

Mr. UNTERMYER. When Mr. Morgan talked with you and Mr. Stillman about it, did he tell you he was going to try to mutualize the company?

Mr. BAKER. I do not remember that he did. Possibly. Oh, no; I do not think he did.

Mr. UNTERMYER. Did you understand that he was going to try to mutualize the company?

Mr. BAKER. I do not think so, at that time.

Mr. UNTERMYER. How soon after that did he suggest that he was going to try to mutualize the company?

Mr. BAKER. I do not believe he ever suggested it to me.

Mr. UNTERMYER. You know that he has started it, do you not?

Mr. BAKER. I heard it in a general way; yes. I do not think he has ever mentioned the Equitable to me from that day to this.

Mr. UNTERMYER. Who told you that he was going to try to mutualize the Equitable Co.?

Mr. BAKER. The first I had thought of it was what you told me yesterday.

Mr. UNTERMYER. You knew that that meant getting back the money that was paid for the stock, did you not?

Mr. BAKER. If he does, I should be very glad.

Mr. UNTERMYER. Did you not know that he refused to mutualize the company unless he could get his money back?

Mr. BAKER. I did not know that until you say so now.

Mr. UNTERMYER. Have you heard nothing about the proposed mutualization of the company?

Mr. BAKER. I have just heard it talked of in a general way, but I never paid any special attention to it.

Mr. UNTERMYER. You told us yesterday that from your experience with a mutual company the people who run the company are the people who control it. Is not that right?

Mr. BAKER. The people who control it?

Mr. UNTERMYER. No. Do you not understand from your experience with a mutual company that the policy holders have very little to do with the directing and management or electing the management?

Mr. BAKER. Yes; they take very little interest in it.

Mr. UNTERMYER. Yes. And the fact is that the people in control stay there, is it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Applying that rule to this pro bono publico proposition of yours, do you think there would be anything very much pro bono publico in Mr. Morgan and yourself getting back the $3,000,000 as an incident to the mutualizing of the company and having the control remain just as it is?

Mr. BAKER. I think it might have been. They took all the risk of getting that, and just simply to get their money back and keep the thing from being scattered, where some persons would have practical control of the majority of the stock.

Mr. UNTERMYER. But that would be a pretty good deal, to get their money back with interest and then have the control of the company, would it not? It looks like a good deal, does it not?

Mr. BAKER. I do not think they have any control now, or ever had.

Mr. UNTERMYER. They would have the same as they have now?

Mr. BAKER. I suppose they would.

Mr. UNTERMYER. And their money back?

Mr. BAKER. Yes. No; I remember now that it is not in his hands. It is in the hands of the three trustees.

Mr. UNTERMYER. Yes.

Mr. BAKER. One was Grover Cleveland, one Judge O'Brien, and I do not know who the other one was. They are the people that have it.

Mr. UNTERMYER. But 24 out of 52 directors are elected by the stock, are they not?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. Do you not recall that?

Mr. BAKER. I did not know it at all.

Mr. UNTERMYER. The trust to Grover Cleveland and his associates was only with respect to the remaining 28 directors?

Mr. BAKER. I do not remember; no, sir.

Mr. UNTERMYER. You remember it now, do you not?

Mr. BAKER. You have told me.

Mr. UNTERMYER. But do you not remember it now that I remind you of it?

Mr. BAKER. No; I did not happen to remember the figures.

Mr. UNTERMYER. Twenty-four directors elected by one block of stock out of 52 is a pretty good control, is it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Is Mr. Morgan recognized as the great general in this financial army down in Wall Street?

Mr. BAKER. That is according to who is talking. When we talk about him, as his friends, we think he is.

Mr. UNTERMYER. Is he not generally so recognized?

Mr. BAKER. I think so.

Mr. UNTERMYER. And you and Mr. Stillman are recognized as his chief lieutenants?

Mr. BAKER. I do not think so; no, sir.

Mr. UNTERMYER. Who are his chief lieutenants?

Mr. BAKER. I do not know. The members of his firm, I suppose.

Mr. UNTERMYER. Try to overcome your modesty, Mr. Baker.

Mr. BAKER. Yes.

Mr. UNTERMYER. You think the members of Mr. Morgan's firm are his chief lieutenants in this financial army?

Mr. BAKER. During the panic I think Mr. Stillman and I were.

Mr. UNTERMYER. Waiving all questions of modesty, you are, are you not?

Mr. Morgan and Mr. Stillman and yourself are the three dominant powers down there, are you not?

Mr. BAKER. I will not confess to that.

Mr. UNTERMYER. How far will you go?

Mr. SPOONER. He is not obliged to incriminate himself, is he?

Mr. BAKER. I will confess it during the panic.

Mr. UNTERMYER. You will confess that that is what happened during the panic—that Mr. Morgan was the general and you were his lieutenants?

Mr. BAKER. Yes.

Mr. UNTERMYER. He has not surrendered that post, has he?

Mr. BAKER. No; I guess it has expired——

Mr. UNTERMYER (interposing). By limitation?

Mr. BAKER. Yes.

Mr. UNTERMYER. Who takes his place? You?

Mr. BAKER. No; I do not.

Mr. UNTERMYER. During the panic, is it the fact that Mr. Morgan designated to each of these banks the amount of money they should supply, and that they did it?

Mr. BAKER. I think not. I never heard of it.

Mr. UNTERMYER. Was it not necessary to raise considerable money there to help out the banks and trust companies that were in distress?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And whose word was law at that time?

Mr. BAKER. Nobody's. It was generally by solicitation and general assent.

Mr. UNTERMYER. Who fixed the amount that each of the banks should contribute or loan?

Mr. BAKER. I think each one of them fixed it themselves.

Mr. UNTERMYER. In your judgment, is Mr. Morgan the most dominant power in the financial world to-day? Far above anything else?

Mr. BAKER. He would be if he were younger in years. I do not know his superior.

Mr. UNTERMYER. You do not know anybody who is recognized as a dominant power except Mr. Morgan?

Mr. BAKER. No one any more so than he; no.

Mr. UNTERMYER. There is nobody as much so, except yourself, is there?

Mr. BAKER. And yourself. Get us both in.

Mr. UNTERMYER. How is that, Mr. Baker, seriously?

Mr. BAKER. There is no particular dominant power.

Mr. UNTERMYER. When did there cease to be a dominant power?

Mr. BAKER. When activities ceased. During the panic it was so.

Mr. UNTERMYER. You mean there has not been much business since then?

Mr. BAKER. There has been big business, but it goes on in its natural course.

Mr. UNTERMYER. You mean there has not been any great big business like the steel company and those large flotations.

Mr. SPOONER. He did not say that.

Mr. UNTERMYER. Is that what you mean?

Mr. BAKER. I mean that there have not been disturbances and anxieties.

Mr. UNTERMYER. What would be likely to happen to a man in business or finance who required credit on whom the weight of the displeasure of the firm of Morgan & Co. should fall, or in whom that firm might, rightly or wrongly, lose confidence?

Mr. BAKER. I do not think it would make any particular difference.

Mr. UNTERMYER. You do not think it would make any difference whatever if they lost confidence in a man who was in large financial transactions?

Mr. BAKER. Oh, if you put it that way, any institution——

Mr. UNTERMYER. I am pointing out this particular case now. What would happen to that concern?

Mr. BAKER. It is according to how the others lost confidence. That would embarrass them, undoubtedly.

Mr. UNTERMYER. Let us see. Will you be good enough to name a single transaction in the last 10 years of over $10,000,000 in amount which has been financed without the participation of Messrs. Morgan & Co., or the First National Bank, or the City Bank, or Kuhn, Loeb & Co., or Speyer & Co., or Lee, Higginson & Co., or Kidder, Peabody & Co., of Boston, and the First National Bank and the Illinois Trust & Savings Bank, of Chicago? Take the whole range of transactions and point to a single one that has been financed without the cooperation of some one of those institutions.

Mr. BAKER. I am not sufficiently familiar with it to tell you, but I should judge that White, Weld & Co. and Rollins—I think the firm is Rollins & Co.—have done it.

Mr. UNTERMYER. Do you not know that White, Weld & Co.'s business is largely that of marketing the bonds that are issued by J. P. Morgan & Co.?

Mr. BAKER. No, sir; I should not think so.

Mr. UNTERMYER. You know they do market their bonds, do you not?

Mr. BAKER. Yes; as everybody does.

Mr. UNTERMYER. But do you not know that White, Weld & Co. and Kissel, Kinnicutt & Co. market largely J. P. Morgan & Co.'s bonds?

Mr. BAKER. I did not suppose so. As I have already said, I have not been familiar with the business of the Street for half a dozen years.

Mr. UNTERMYER. Are you able to point to a single transaction in the last five years of $10,000,000 and over that has been financed in the United States without the cooperation of some one of the houses I have named?

Mr. BAKER. I am not sufficiently familiar with the situation to do it. I would not dispute it if you named a dozen that had been. I would take it for granted that it was all right and believe it.

Mr. UNTERMYER. You are not testifying with the idea of taking things for granted, Mr. Baker. The question is put to you, and I would like your best recollection.

Mr. BAKER. I am not sufficiently familiar with it to know of any.
Mr. UNTERMYER. You do not know of any?
Mr. BAKER. No, sir. I think there have been, however.
Mr. UNTERMYER. You say you think there have been?
Mr. BAKER. Yes.
Mr. UNTERMYER. But you can not tell us of any?
Mr. BAKER. No; I am not sufficiently familiar with them.
Mr. UNTERMYER. Will you investigate that subject, so as to enlighten the committee?
Mr. BAKER. I think the committee can do it just as easily as I could.
Mr. UNTERMYER. But you have spent your life down there among these people, and I think it would be very useful to the committee on the main branch of this inquiry to know of any such transaction. Will you not investigate and let us know?
Mr. BAKER. I shall try to find out for you; yes.
Mr. UNTERMYER. Is it or not the fact that the large issues of securities that are taken nowadays in the financial district are taken for joint account?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. And the banking houses I have named are houses that have generally acted together in those joint account transactions? That is so, is it not?
Mr. BAKER. Do you mean some of them?
Mr. UNTERMYER. Not all in one, but one and the other, or two or three or four together?
Mr. BAKER. Yes.
Mr. UNTERMYER. That is so, is it not?
Mr. BAKER. Yes.
Mr. UNTERMYER. With whom do you generally act?
Mr. BAKER. Oh, with almost anybody that gives us a chance?
Mr. UNTERMYER. But, as a practical fact?
Mr. BAKER. With Morgan & Co.; the City Bank; Kuhn, Loeb & Co.; and Speyer & Co.
Mr. UNTERMYER. Very seldom with Speyer & Co.?
Mr. BAKER. No; more so with Speyer & Co. than with Kuhn, Loeb & Co.
Mr. UNTERMYER. How often have you had joint account transactions with Speyer & Co.?
Mr. BAKER. I could not tell you. A number of times.
Mr. UNTERMYER. You will supply that information, will you not?
Mr. BAKER. Yes.
Mr. UNTERMYER. You have acted with Kidder, Peabody & Co. and Lee, Higginson & Co., of Boston, have you not?
Mr. BAKER. But more with Speyer & Co. than ever with them.
Mr. UNTERMYER. You think so?
Mr. BAKER. Yes.
Mr. UNTERMYER. Your recollection is, then, that your joint-account transactions have been more numerous in the last five years with Speyer & Co. than they have with Lee, Higginson & Co.?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. Have you had any with Speyer & Co. except the Rock Island?
Mr. BAKER. Oh, I think so.

Mr. UNTERMYER. What else?

Mr. BAKER. I can not remember.

Mr. UNTERMYER. Have your joint-account transactions also been with Messrs. Morgan & Co. and the two Chicago banks, Mr. Forgan's bank and Mr. Mitchell's bank, the First National Bank and the Illinois Trust & Savings?

Mr. BAKER. I think sometimes they have both had interests in the thing.

Mr. UNTERMYER. And they have sometimes tendered you interests, too, have they not, like the Chicago City Railways.

Mr. BAKER. They did not tender that.

Mr. UNTERMYER. Where did that come from?

Mr. BAKER. I think that came from Morgan & Co.

Mr. UNTERMYER. That came from Morgan & Co.? That was a purely Chicago enterprise, was it not?

Mr. BAKER. Yes; I hope so.

Mr. UNTERMYER. Then did Morgan & Co. and you tender the Chicago banks an interest in it?

Mr. BAKER. I do not know just how that was done. It was done at the time when I was ill, I remember.

Mr. UNTERMYER. But among these banking houses that we have named, is there not a strong and continuous community of interest in the purchase and sale of securities?

Mr. BAKER. I think there is. We have always tried to deal with our friends rather than with people we do not know.

Mr. UNTERMYER. It is a good deal better to deal with your friends and split it up than it is to compete for the securities?

Mr. BAKER. Not necessarily.

Mr. UNTERMYER. That is what happens, is it not?

Mr. BAKER. Oh, I do not think so to any great extent.

Mr. UNTERMYER. Have you ever competed for any securities with Morgan & Co. in the last five years? If so, give us the name of it.

Mr. BAKER. I do not know that we have competed with them.

Mr. UNTERMYER. You divide with them, do you not? You give them a part of the issue when you have it?

Mr. BAKER. We are very apt to.

Mr. UNTERMYER. And if they take a security, they give you a part of the issue, do they not?

Mr. BAKER. Yes.

Mr. UNTERMYER. That is what is known as the modern system of cooperation and combination, as against the antique system of competition, is it not?

Mr. BAKER. That is rather a long name for me.

Mr. UNTERMYER. You understand the question. I would like to have an answer to it.

Mr. BAKER. I never heard it called in that way before.

Mr. UNTERMYER. How would you call it?

Mr. BAKER. I would not call it at all.

Mr. UNTERMYER. You know what cooperation is, do you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Is that not cooperation, as against competition? That is the modern system of cooperation, as against the archaic system of competition, is it not?

Mr. BAKER. I do not understand how you state that.

Mr. UNTERMYER. That is right, is it not?
Mr. BAKER. All right; yes.
Mr. UNTERMYER. And that has been found to work very well, has it not?
Mr. BAKER. I think so.
Mr. UNTERMYER. For the bankers?
Mr. BAKER. Yes; and for others, too.
Mr. UNTERMYER. Mr. Baker, are any of the officers of your bank directors of the Chicago, Rock Island & Pacific?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. Who is?
Mr. BAKER. Mr. Hine, the president.
Mr. UNTERMYER. Will you please look at the list which you have produced at the request of the committee and tell me whether that is a correct list of the corporations in which the bank officers are directors, with the name of each director and the name of the corporation under it in which he is a director?
Mr. BAKER. Yes; I believe that is correct.
Mr. UNTERMYER. What do the asterisks (*) opposite those names indicate?
Mr. BAKER. That means that a member of the firm of J. P. Morgan & Co. is also a director on the board.
Mr. UNTERMYER. With a director of your bank?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. If there is no objection, we would like to have that substituted for the original list which has been marked "Exhibit No. 197." This list will be offered in evidence and marked "Exhibit No. 197-A."

The paper referred to was thereupon marked "Exhibit No. 197-A," January 10, 1913, and will be found at the end of this day's proceedings.

Mr. UNTERMYER. I see you are a director in the United States Steel Corporation. Are you a member of the executive committee?
Mr. BAKER. I am a member of the finance committee, as they call it.
Mr. UNTERMYER. That is the executive committee of the corporation, is it not?
Mr. BAKER. Yes.
Mr. UNTERMYER. There is no executive committee, so called?
Mr. BAKER. No.
Mr. UNTERMYER. I see you are also a director in the American Telephone & Telegraph Co.?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. And that in the Steel Corporation Mr. Morgan is a director with you, and in the telegraph company Mr. Davison, of Mr. Morgan's firm, is a director with you. Now, were you actively concerned with Messrs. Morgan & Co. in the organization of the United States Steel Corporation?
Mr. BAKER. I think not.
Mr. UNTERMYER. There was a large underwriting there, was there not?
Mr. BAKER. Yes.
Mr. UNTERMYER. And you were a large underwriter, were you not?
Mr. BAKER. I do not think my interest was very large. I had an interest in it; yes.

Mr. UNTERMYER. You had an interest of some millions of dollars in it, did you not?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Did your bank have an interest in it?

Mr. BAKER. I do not remember whether they did or not. I know it was an interest of no very great amount, of that kind.

Mr. UNTERMYER. Of course that is a relative term, as to what is a great amount, and that does not give us any information.

Mr. BAKER. You said several millions of dollars, and I used the expression as referring to the term that you mentioned.

Mr. UNTERMYER. And you and your bank did not have an interest of several million dollars in it?

Mr. BAKER. I do not think so.

Mr. UNTERMYER. Who put you on the board of directors?

Mr. BAKER. I do not know. I was out in the country and I received a telegram from Mr. Morgan saying, "You have been unanimously elected a member of the board of directors and finance committee of the Steel Corporation."

Mr. UNTERMYER. Having gotten that telegram from Mr. Morgan, you assumed that he had put you there?

Mr. BAKER. Yes; I should think so.

Mr. UNTERMYER. Did you get any telegram saying that you were a member of the executive committee or the finance committee?

Mr. BAKER. I said that, too. What I say is that the telegram read that I had been unanimously elected as a member of the board and of the finance committee of the United States Steel Corporation.

Mr. UNTERMYER. Have you taken part in financing the securities of the United States Steel Corporation?

Mr. BAKER. I think so.

Mr. UNTERMYER. Have you been jointly interested with Mr. Morgan in all the issues that have been made since then?

Mr. BAKER. I can not remember but one, at the moment.

Mr. UNTERMYER. Which one was that? How recently?

Mr. BAKER. It was within two years, I should think.

Mr. UNTERMYER. Do you not remember a previous financing operation, when the preferred stock was exchanged for 5 per cent bonds?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. There was an underwriting there, was there not, of $250,000,000?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. Do you remember the extent to which your bank was interested?

Mr. BAKER. No, sir; I do not. That was a good while ago.

Mr. UNTERMYER. Yes. That was in 1901 or 1902, was it not?

Mr. BAKER. Yes, sir; I should think it was as long ago as that.

Mr. UNTERMYER. It was at the time of what they call the conversion of part of the preferred stock into bonds?

Mr. BAKER. It was before I came into the board.

Mr. UNTERMYER. Before you came into what board?

Mr. BAKER. The board of the steel corporation.

Mr. UNTERMYER. Were you not in the board of the Steel Corporation from the beginning?

Mr. BAKER. No, sir. I have told you I got a telegram one day stating that I had been unanimously elected.

Mr. UNTERMYER. But when was that?

Mr. BAKER. That was five or six years ago, or four or five years ago.

Mr. UNTERMYER. Up to that time had you not been a director?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Has anybody of your bank been a director?

Mr. BAKER. Do you mean directors in the bank or officers of the bank?

Mr. UNTERMYER. Any of your directors.

Mr. BAKER. I think Judge Moore was a director from the start.

Mr. UNTERMYER. Yes. Had any of your officers been directors?

Mr. BAKER. No, sir.

Mr. UNTERMYER. In March, 1912, was there a financial operation in the form of a purchase from the steel company of $15,000,000 of Indiana Steel first-mortgage bonds and $10,000,000 of National Tube firsts, and $5,500,000 of Illinois Steel notes?

Mr. BAKER. Yes, sir; something of that kind.

Mr. UNTERMYER. About $30,000,000 of securities?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Who took those with Morgan & Co.?

Mr. BAKER. I think we had an interest in those.

Mr. UNTERMYER. You and the National City Bank and the Morgans together?

Mr. BAKER. I have forgotten; but I guess that is correct.

Mr. UNTERMYER. In what proportions did you underwrite those securities?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. Did you have equal interests?

Mr. BAKER. No; I do not think so. The parties managing it generally had a larger interest.

Mr. UNTERMYER. You mean the associate who manages the enterprise generally gets the largest interest.

Mr. BAKER. Mr. Morgan naturally would not given away an interest equal to his own.

Mr. UNTERMYER. But it sometimes happens that they do, does it not?

Mr. BAKER. I think likely; yes, sir; though I do not remember many such instances with any company.

Mr. UNTERMYER. Do you remember another joint transaction in the financing of the Steel Corporation or one of its subsidiaries, in the form of the Illinois Steel, in June, 1911?

Mr. BAKER. I do not believe we had anything to do with that.

Mr. UNTERMYER. Yes. $10,000,000 of Illinois Steel Co. 4½ per cent debentures. Do you remember that?

Mr. BAKER. When was that?

Mr. UNTERMYER. June 27, 1911; in joint account with Messrs. Morgan & Co., the First National, and the National City.

Mr. BAKER. Very likely. I was in Europe, however, so that I do not remember.

Mr. UNTERMYER. You do not remember anything about it?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Were Lee, Higginson & Co. interested at all with you in that transaction?

Mr. BAKER. I do not know.

Mr. UNTERMYER. You can not remember as to that?

Mr. BAKER. As I say, I was abroad.

Mr. UNTERMYER. Were they interested in the transaction of April, 1911, with you?

Mr. BAKER. No, sir; I do not remember.

Mr. UNTERMYER. Will you explain to the committee the procedure or method of underwriting securities as it prevails in our country now, the financial system?

Mr. BAKER. I think I would say that if a company was going to sell a million of bonds, or to offer them to their stockholders, as often has been done, they would go to a banking house and say, "We are going to offer these securities, and we want to sell them. and to be sure that they are sold, will you underwrite them?" or, in other words, take all that the stockholders do not take, for, say, 1 per cent commission, or whatever they agree on. That is the substance of it.

Mr. UNTERMYER. That is one kind of underwriting—for a commission?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. But there is another kind of underwriting, and one that is very much more common, when a banking house or two or three banking houses together take an issue of securities, take them first, and then proceed to underwrite them and to sell them?

Mr. BAKER. There would not be any underwriting if they took them first, would there?

Mr. UNTERMYER. Would there not be?

Mr. BAKER. I am afraid I do not understand your statement.

Mr. UNTERMYER. Suppose you and Mr. Morgan were offered an issue of $10,000,000.

Mr. BAKER. Yes.

Mr. UNTERMYER. And you took $5,000,000 each.

Mr. BAKER. Yes.

Mr. UNTERMYER. Do you not have your $5,000,000 underwritten so as to divide your risk?

Mr. BAKER. Would we get it underwritten?

Mr. UNTERMYER. Yes. You would, would you not? Unless you wanted to take the risk of taking them and selling them all yourself you would underwrite them, would you not? Or would you sell them outright?

Mr. BAKER. I think we would sell them outright. I can not remember of an underwriting of that kind. Probably there has been an instance, however.

Mr. UNTERMYER. Take, for instance, a reorganization where an assessment is to be underwritten. You all parcel that out among the underwriters, do you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Have you a list of underwriters of the First National Bank to whom you offer these participations?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Do you make up a different list every time?

Mr. BAKER. We do not often make one up; but when we would it would be——

Mr. UNTERMYER (interposing). Do you not allot to friends of yours and those associated with you interests in securities that you underwrite or acquire?

Mr. BAKER. Sometimes, if it is a large sum; but if it is a moderate sum we do not.

Mr. UNTERMYER. If it is a moderate sum?

Mr. BAKER. Just as we happen to feel.

Mr. UNTERMYER. Just as you happen to feel about it?

Mr. BAKER. Yes.

Mr. UNTERMYER. If it is a moderate sum you take the risk yourself, do you? Is that right?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. When the amount is large, you do allot to friends and people who deal with you, and with whom you deal, do you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. And do those allotments extend over different cities of the United States?

Mr. BAKER. They might; yes, sir.

Mr. UNTERMYER. Have you not a list, and have not other banking houses and banks a list of such friends and associates to whom they sent allotments?

Mr. BAKER. I can not speak for other banks, but the First National has none.

Mr. UNTERMYER. Then when you do allot, you sell in large blocks, do you?

Mr. BAKER. We sell large or small; any way we can to advantage.

Mr. UNTERMYER. Do you sell your bonds by solicitation through the country? Do you have bond sellers?

Mr. BAKER. No.

Mr. UNTERMYER. Some houses have, have they not?

Mr. BAKER. Yes.

Mr. UNTERMYER. That is, traveling salesmen, just as if they would sell drygoods, or anything else?

Mr. BAKER. Yes.

Mr. UNTERMYER. And you say the First National does not do its business that way?

Mr. BAKER. No.

Mr. UNTERMYER. You know, do you not, that Messrs. Morgan & Co. have lists of people to whom they allot securities?

Mr. BAKER. No, sir; I do not know.

Mr. UNTERMYER. You do not know anything about it?

Mr. BAKER. No, sir.

Mr. UNTERMYER. One way or the other?

Mr. BAKER. No, sir.

Mr. UNTERMYER. What are your relations with the Atchison road?

Mr. BAKER. Nothing.

Mr. UNTERMYER. What are they?

Mr. BAKER. Not any.

Mr. UNTERMYER. Have you not handled their securities?

Mr. BAKER. I do not mean that we never have had any interest in them, but we never had any dealings with the Atchison road, that I remember.

Mr. UNTERMYER. Is the California and Arizona lines a subsidiary of the Atchison?

Mr. BAKER. I do not know, sir.

Mr. UNTERMYER. Did you not, in conjunction with Messrs. Morgan and the City Bank, on January 30, 1912, buy $18,300,000 of those bonds?

Mr. BAKER. I think we did.

Mr. UNTERMYER. You think you did, together?

Mr. BAKER. Yes, sir; I had forgotten the name of the road, but I think there was an $18,000,000 purchase.

Mr. UNTERMYER. Did you not also join with J. P. Morgan in a number of other transactions for very large purchases of bonds of that road?

Mr. BAKER. I do not remember them at the moment.

Mr. UNTERMYER. Let us see if I can refresh your memory. Do you remember on June 1, 1909, an issue of $28,258,000 of Atchison convertible fours taken by your bank and the City Bank in conjunction with Messrs. Morgan?

Mr. BAKER. I do not happen to remember it, but I presume that is correct.

Mr. UNTERMYER. That is not such a small item, is it?

Mr. BAKER. No; but——

Mr. UNTERMYER. Here is another one, March 30, 1910, $43,686,000 of the same bonds. Did you not take those jointly with Messrs. Morgan and the City Bank?

Mr. BAKER. I think quite likely.

Mr. UNTERMYER. And was there not another of Transcontinental first fours in August, 1908, of $17,000,000, taken by the same parties, Messrs. Morgan, the National City Bank, and yourselves, for joint account?

Mr. BAKER. Quite likely.

Mr. UNTERMYER. Now, that is $106,000,000 or $107,000,000 of the bonds of one company—the Atchison. Do those transactions remind you that you have had something to do with the Atchison?

Mr. BAKER. We did not deal directly with the Atchison. Mr. Morgan had an interest.

Mr. UNTERMYER. What?

Mr. BAKER. Probably Mr. Morgan made the transaction and gave us this interest in it. Our dealings were with them.

Mr. UNTERMYER. But if you had a large participation of that kind in $106,000,000 of bonds, you would know something about the road, and have something to do with it, would you not?

Mr. BAKER. Not necessarily.

Mr. UNTERMYER. What have been your relations with the American Telephone & Telegraph Co., apart from your position as a director? Have you assisted in financing their enterprises?

Mr. BAKER. I think we have had some interest in the issue of the bonds, but I do not think we ever took any direct from the company.

Mr. UNTERMYER. You mean you did it through Messrs. Morgan & Co.?

Mr. BAKER. Yes.

Mr. UNTERMYER. Who else participated in those issues, do you remember?

Mr. BAKER. I could not say.

Mr. UNTERMYER. Was it Kidder, Peabody & Co., of Boston?

Mr. BAKER. Oh, yes; I know they must. I think we took our interest through Kidder, Peabody & Co., but I am not certain.

Mr. UNTERMYER. Did you not take it through Mr. Morgan?

Mr. BAKER. I am not certain. I do not remember.

Mr. UNTERMYER. No. Do you remember the issue of $150,000,000 of their bonds?

Mr. BAKER. Yes, sir; that one came through Morgan.

Mr. UNTERMYER. Your bank and the Morgans and Kidder, Peabody & Co. were in joint account in that transaction, were they not?

Mr. BAKER. I have forgotten just the parties to it.

Mr. UNTERMYER. You remember a subsequent issue of those bonds of $25,000,000 in which Kidder, Peabody & Co., I think, took the lead, and maybe Morgan joined with them?

Mr. BAKER. I do not think we joined very much—yes; we had an interest in it.

Mr. UNTERMYER. Did you not join for a million and a half?

Mr. BAKER. I think very likely.

Mr. UNTERMYER. But that is a trifle, is it not?

Mr. BAKER. Well.

Mr. UNTERMYER. What have been your relations to Armour & Co., the packing company?

Mr. BAKER. Nothing very special. They have kept an account in the bank for a number of years.

Mr. UNTERMYER. Have you not participated in an issue of bonds by them with Kuhn, Loeb & Co. and Lee, Higginson & Co.?

Mr. BAKER. Oh, I do not remember. I think quite likely we did. It must have been a good while ago, was it not?

Mr. UNTERMYER. Was it not in 1909?

Mr. BAKER. Well, was it?

Mr. UNTERMYER. What have been the relations of your bank with the Atlantic Coast Line?

Mr. BAKER. We never had any direct relations with them. We have had some interests in their issues.

Mr. UNTERMYER. Through whom?

Mr. BAKER. I should say through Morgan & Co.

Mr. UNTERMYER. Yes; through Morgan & Co.

Mr. BAKER. I think they do the business of the Coast Line.

Mr. UNTERMYER. Were you interested with them in the turning over of the Louisville & Nashville Railroad to the Atlantic Coast Line?

Mr. BAKER. That was a good many years ago.

Mr. UNTERMYER. Well, it was a big transaction, too, was it not?

Mr. BAKER. I do not remember that we were.

Mr. UNTERMYER. There was a lot of money in it.

Mr. BAKER. If there was, then I think I might remember it.

Mr. UNTERMYER. What is your recollection as to whether you were concerned in the syndicate that acquired the Louisville & Nashville Railroad from Mr. Gates and his associates through Morgan & Co. and turned it over to the Atlantic Coast Line?

Mr. BAKER. I do not think we had any interest in that, but——

Mr. UNTERMYER. There was such a transaction, was there not?

Mr. BAKER. Yes, sir; and it is barely possible we had an interest in it.

Mr. UNTERMYER. I did not hear you.

Mr. BAKER. I say it is barely possible we had an interest in it, although I do not recall it.

Mr. UNTERMYER. Had you not had something to do with the financing of the Louisville & Nashville Railroad from time to time?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Are you sure of that?

Mr. BAKER. When I say no I do not mean that I never have had any interest in their bonds. If either Kuhn, Loeb & Co. or Morgan & Co. took some bonds and financed something for them and gave us a participation, I do not call that——

Mr. UNTERMYER. Do you remember in February, 1906, you and Mr. Morgan financed for joint account $10,000,000 of the Atlantic, Knoxville & Cincinnati division 4 per cent bonds, a division of the Louisville & Nashville Railroad?

Mr. BAKER. I do not remember the transaction.

Mr. UNTERMYER. Do you recall whether or not in January, 1909, you and Messrs. Morgan and the City Bank in joint account financed bonds held as collateral to the Louisville & Nashville 25-year collateral fours, as follows: $18,200,000 of Louisville & Nashville unified fours, $4,619,000 of Louisville & Nashville, Paducah & Memphis division, $2,500,000 Louisville & Nashville Terminal Co. bonds, $4,500,000 South & North Alabama consolidated fives, and $200,000 of Pensacola & Atlantic 6 per cent bonds, making a total of $29,864,000?

Mr. BAKER. I do not remember it.

Mr. UNTERMYER. You have no recollection at all about it?

Mr. BAKER. No; I have not.

Mr. UNTERMYER. And you do not know whether there was such a transaction or not?

Mr. BAKER. I do not remember such a transaction.

Mr. UNTERMYER. Do you remember a transaction about as follows, much more recent: April, 1911, $10,000,000 Louisville & Nashville Railroad, Atlanta, Knoxville & Cincinnati division fours, taken for joint account of Messrs. Morgan, the City National Bank, and the First National?

Mr. BAKER. I remember that; yes, sir.

Mr. UNTERMYER. Have you and Messrs. Morgan been interested in the purchase and flotation for joint account of securities of the Boston & Maine?

Mr. BAKER. Would they be one-year notes?

Mr. UNTERMYER. I do not know whether they were one-year notes; $12,000,000 4 per cent notes, due January 20, 1912.

Mr. BAKER. That would be one-year notes.

Mr. UNTERMYER. Yes; they were one-year notes.

Mr. BAKER. I think that is right; yes, sir.

Mr. UNTERMYER. You were associated in that purchase, were you not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. What are your relations with the Chesapeake & Ohio?

Mr. BAKER. Not any.

Mr. UNTERMYER. You have none?

Mr. BAKER. No, sir.

Mr. UNTERMYER. There have been a great many bond issues of that road, have there not?

Mr. BAKER. I have not kept track of it. I think they have had a good many.

Mr. UNTERMYER. They have been joint transactions between Kuhn, Loeb & Co. and Morgan, have they not?

Mr. BAKER. I could not tell you.

Mr. UNTERMYER. You have not participated in them?

Mr. BAKER. No, sir.

Mr. UNTERMYER. I think you told us that you were interested in the Chicago, Burlington & Quincy?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Have you been associated with Messrs. Morgan in the purchase and flotation of bonds of that road?

Mr. BAKER. If they issued any we certainly were, but I do not remember.

Mr. UNTERMYER. Let us see if I can refresh your memory. Do you recall an issue of Illinois division 4 per cent general mortgage bonds, February, 1908, of $16,000,000, and another issue of the same bonds in February, 1909, of $15,000,000?

Mr. BAKER. I do not remember the amounts, but there were some of those bonds issued for the Illinois division.

Mr. UNTERMYER. With whom did you act in joint account in making those bond issues?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. Was it not with Morgan & Co.?

Mr. BAKER. I think so.

Mr. UNTERMYER. They are the bankers for the road, are they not, together with yourself?

Mr. BAKER. Well, I do not think the road has enough business of that kind to have anybody banking for them.

Mr. UNTERMYER. They have done some business for them?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. The road has had other issues of bonds, has it not?

Mr. BAKER. I do not think so of late years.

Mr. UNTERMYER. It has one in 1906 of $19,000,000 and odd.

Mr. BAKER. Did it? I had forgotten it.

Mr. UNTERMYER. What are your relations with the Cleveland, Cincinnati, Chicago & St. Louis Railroad?

Mr. BAKER. I think I am a director in that road.

Mr. UNTERMYER. You think you are a director?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. How long do you think you have been a director?

Mr. BAKER. Ever since I went into the New York Central.

Mr. UNTERMYER. What?

Mr. BAKER. Several years.

Mr. UNTERMYER. Do you think you are a member of the executive committee, too?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Do you remember having had any joint financial transactions for that road?

Mr. BAKER. I think we did have some.

Mr. UNTERMYER. With whom?
Mr. BAKER. J. P. Morgan & Co.
Mr. UNTERMYER. That was an issue of French debentures, was it not?
Mr. BAKER. That was one.
Mr. UNTERMYER. One of them was an issue of French debentures of 50,000,000 francs?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. What was the other?
Mr. BAKER. I can not remember, but I remember there was such an issue.
Mr. UNTERMYER. Was there not an issue of 4½ debentures of $5,000,000 in 1911 which you and Messrs. Morgan & Co. took together?
Mr. BAKER. I think very likely.
Mr. UNTERMYER. You have told us of your relations with the Erie in an official capacity, have you not?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. And you also had various relations with them in the way of an issuing house, in connection with floating their securities?
Mr. BAKER. We have generally had a participation in those issues with Morgan & Co. They do the financing for that road, I think.
Mr. UNTERMYER. Morgan & Co. are the fiscal agents for the Erie, are they?
Mr. BAKER. I do not think they are fiscal agents, but practically do the same thing.
Mr. UNTERMYER. They do their financing, do they?
Mr. BAKER. I think so.
Mr. UNTERMYER. Do you know how many issues you have been concerned in for the Erie Railroad in joint account with Morgan & Co.?
Mr. BAKER. I could not tell without the record, Mr. Untermyer. If it will save you any time, I am willing to admit all you have got there.
Mr. UNTERMYER. Well, I do not think you could very well, Mr. Baker, because it concerns other banks of which you would not know anything.
Mr. BAKER. I wanted to help you along through, if I could. That is all.
Mr. UNTERMYER. You can not tell, then, how many issues you made jointly of the Erie Railroad with Mr. Morgan?
Mr. BAKER. No.
Mr. UNTERMYER. There have been a number of them?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. How about the Florida East Coast Railway? What are your relations with that company?
Mr. BAKER. We had an interest in that.
Mr. UNTERMYER. With the Morgans?
Mr. BAKER. I think so.
Mr. UNTERMYER. Was that a $10,000,000 issue in 1909?
Mr. BAKER. I do not remember the figures.
Mr. UNTERMYER. The General Electric is under the management of Messrs. Morgan & Co., is it not?
Mr. BAKER. I think so. I never have had much to do with it.

Mr. UNTERMYER. They have made a number of issues, have they not?

Mr. BAKER. They have made some. I don't remember whether it is a number or not. I remember there was one not a great while ago.

Mr. UNTERMYER. There was one in September of this year of $10,000,000.

Mr. BAKER. That is the one I refer to.

Mr. UNTERMYER. Who were interested in that besides Morgan & Co. and yourself?

Mr. BAKER. I do not think there were any.

Mr. UNTERMYER. Were not Lee, Higginson & Co. and the City National Bank both participants with you and Mr. Morgan?

Mr. BAKER. I think very likely.

Mr. UNTERMYER. Have you made any issues for the Great Northern?

Mr. BAKER. We sold one lot; yes, sir. Did I not testify to that a little while ago?

Mr. UNTERMYER. I do not think so.

Mr. BAKER. All right.

Mr. UNTERMYER. Was that June, 1911?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. What was the amount of the issue?

Mr. BAKER. $20,000,000. It was while I was in Europe. I know I heard of it afterwards.

Mr. UNTERMYER. With whom was that transaction done?

Mr. BAKER. I think it was done with my son here.

Mr. UNTERMYER. What?

Mr. BAKER. I think it was done with the bank.

Mr. UNTERMYER. By the bank alone, without any partner or participant?

Mr. BAKER. No; we must have taken partners in, but I do not remember who.

Mr. UNTERMYER. Were not Lee, Higginson & Co. with you in that?

Mr. BAKER. Very likely, but I do not remember as to them.

Mr. UNTERMYER. Yes, they were; for $1,500,000. Now, as to the Hocking Valley, did you have anything to do with that?

Mr. BAKER. I guess not.

Mr. UNTERMYER. Who are the bankers for that company?

Mr. BAKER. I do not know.

Mr. UNTERMYER. Are they not Messrs. Morgan & Co.?

Mr. BAKER. I guess so. I really do not know, but——

Mr. UNTERMYER. There is not any doubt about that, is there?

Mr. BAKER. I am afraid not.

Mr. UNTERMYER. Are you interested with Morgan & Co. in the issue of Interborough bonds that is just about being made in connection with the building of the new subway?

Mr. BAKER. I expect to be interested with them in it; yes, sir.

Mr. UNTERMYER. That is an issue of how much, $150,000,000, is it not?

Mr. BAKER. About that; yes, sir.

Mr. UNTERMYER. What is the extent of your participation in that?

Mr. BAKER. I could not tell you exactly.

Mr. UNTERMYER. You do not know?

Mr. BAKER. No.

Mr. UNTERMYER. Is it so small?
Mr. BAKER. Well, I guess it is quite large.
Mr. UNTERMYER. Messrs. Morgan & Co. are the bankers conducting that enterprise, are they?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. They are the Interborough bankers?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. Does the Interborough own the surface lines and the elevated lines in New York City?
Mr. BAKER. I think they own the elevated. I do not believe they own the surface lines.
Mr. UNTERMYER. Have they not acquired the surface lines under the reorganization?
Mr. BAKER. I do not know as to that.
Mr. UNTERMYER. The only other transportation facilities in New York are those operated by the Hudson Tunnel, are they not, the McAdoo Tunnel?
Mr. BAKER. That is another one; whether that is the only one, I do not know.
Mr. UNTERMYER. You live in New York, do you not?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. Do you know of anything that is not encompassed within those lines?
Mr. BAKER. I somtimes patronize the tunnel from Forty-second Street and Madison Avenue down to Wall Street.
Mr. UNTERMYER. But you do not know what else is going on?
Mr. BAKER. Not much, except on Sixth Avenue.
Mr. UNTERMYER. You know all about the McAdoo tunnel?
Mr. BAKER. Very little.
Mr. UNTERMYER. Do you know who finances that?
Mr. BAKER. I think it is Fisk & Sons.
Mr. UNTERMYER. Do you not know that Messrs. Morgan did, and are largely interested in it? Do you mean Harvey Fisk & Sons?
Mr. BAKER. Yes.
Mr. UNTERMYER. And don't you know Morgan & Co. are largely interested?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. And are you interested in that venture?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. With Messrs. Morgan?
Mr. BAKER. No; I should say with Fisk & Sons. I do not remember how it came about.
Mr. UNTERMYER. Don't you know it was sent to Fisk & Sons by Morgan, and Morgan & Co. have a large interest?
Mr. BAKER. I know they are interested. I did not know they sent it there, though.
Mr. UNTERMYER. From whom did you get your interest?
Mr. BAKER. I do not remember. It was a good while ago. I supposed it was through Fisk.
Mr. UNTERMYER. At any rate, you are all three jointly interested?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. Is there any part of the transportation facilities in New York in which Messrs. Morgan and yourself are not interested?

Mr. BAKER. Why, I think Kuhn, Loeb & Co. have got a big syndicate to run another part of it.

Mr. UNTERMYER. That is the Brooklyn end, it is not?

Mr. BAKER. Yes; but I think it comes up into New York, too. I do not know.

Mr. UNTERMYER. Kuhn, Loeb & Co. took the Brooklyn end and the Morgans took the other end, did they not?

Mr. BAKER. Well?

Mr. UNTERMYER. They have not got anything in New York yet, have they?

Mr. BAKER. I do not know.

Mr. UNTERMYER. When you come to Chicago, all the railroads there are under one or two syndicates, are they not?

Mr. BAKER. Well, there are enough of them under one to suit me.

Mr. UNTERMYER. Which one is that?

Mr. BAKER. I forget what they call it; the Chicago City, I think.

Mr. UNTERMYER. The Chicago City Railways, is it not?

Mr. BAKER. I think that is the one.

Mr. UNTERMYER. That is the one you told us about issuing in connection with Mr. Morgan?

Mr. BAKER. Yes.

Mr. UNTERMYER. How about the Philadelphia railways?

Mr. BAKER. I do not know anything about Philadelphia.

Mr. UNTERMYER. Do you know who controls that? Do you know whether the Drexels do?

Mr. BAKER. I do not.

Mr. UNTERMYER. Do you know who are the bankers for it?

Mr. BAKER. I do not, except I have seen in the papers Mr. Stotesbury's name. Whether he is the banker for it, I do not know.

Mr. UNTERMYER. You mean Mr. Stotesbury, of Messrs. Morgan & Co.?

Mr. BAKER. Yes.

Mr. UNTERMYER. Do you know anything about the situation in Boston?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Take up now the gas situation in New York. Are you a director in the Consolidated Gas Co.?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Who are the bankers for that company?

Mr. BAKER. I should imagine the City Bank.

Mr. UNTERMYER. It is a City Bank concern, is it not?

Mr. BAKER. Well——

Mr. UNTERMYER. Generally so considered.

Mr. BAKER. A good many people connected with the City Bank are interested in it.

Mr. UNTERMYER. The City Bank is connected itself pretty actively with it, is it not?

Mr. BAKER. I guess so. I do not take any active interest in it.

Mr. UNTERMYER. Are you on the executive committee or only on the board?

Mr. BAKER. No; only on the board.

Mr. UNTERMYER. The International Harvester Co., were you connected with the flotation of that company with Messrs. Morgan?

Mr. BAKER. I have very little, if anything, to do with it.

Mr. UNTERMYER. You were interested in it, were you not?
Mr. BAKER. I do not think I ever had any.
Mr. UNTERMYER. Are you a director?
Mr. BAKER. No, sir. I can save time. I was a director in it.
Mr. UNTERMYER. You were a director until when?
Mr. BAKER. About a year or so, I should think, more or less.
Mr. UNTERMYER. Did you get out at the time the Government got after them?
Mr. BAKER. No; not on that account.
Mr. UNTERMYER. Not on that account?
Mr. BAKER. No; it had nothing to do with that.
Mr. UNTERMYER. Were you not a director at the last annual election, and were you not elected at the last meeting of the board.
Mr. BAKER. Possibly. I do not know when that was.
Mr. UNTERMYER. Well, the memorandum I have was made up last month from the last list of directors, and you appear at the head of the list as a director. Now, can you give us some idea of when you resigned?
Mr. BAKER. It was before I went abroad last year, but I can not remember.
Mr. UNTERMYER. Last summer you went abroad?
Mr. BAKER. Yes; I think it was along in the spring.
Mr. UNTERMYER. At whose request did you become a director?
Mr. BAKER. I had a cable when I was over in Europe from Mr. Perkins, saying that Mr. Morgan asked me if I would not go on the board.
Mr. UNTERMYER. Have you any interest in that company?
Mr. BAKER. One share of stock.
Mr. UNTERMYER. Which you really own?
Mr. BAKER. Yes.
Mr. UNTERMYER. Let us see, did you not have an interest in financing the company jointly with J. P. Morgan & Co.?
Mr. BAKER. Well, I do not remember it. I do not believe I did.
Mr. UNTERMYER. Let us see. Do you remember they made an issue of $15,000,000, 5 per cent notes, in January, 1912?
Mr. BAKER. That is a year ago?
Mr. UNTERMYER. Yes.
Mr. BAKER. I can not remember dates.
Mr. UNTERMYER. But you did, jointly with Morgan & Co., make an issue of $15,000,000 in notes, did you not?
Mr. BAKER. All right, sir.
Mr. UNTERMYER. Do you remember whether or not the City Bank took part in that issue?
Mr. BAKER. No; I do not remember.
Mr. UNTERMYER. What are your relations with the Lake Shore & Michigan Southern?
Mr. BAKER. Just the same as they are with the New York Central. It is all one company.
Mr. UNTERMYER. That is controlled by the New York Central?
Mr. BAKER. Yes; it is part of what they call the New York Central lines.
Mr. UNTERMYER. Have you participated with Messrs. Morgan in joint account in a number of bond issues of that road?
Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Can you tell us what they have amounted to in the last nine years?

Mr. BAKER. No, sir; I could not.

Mr. UNTERMYER. Have they not amounted to over $200,000,000?

Mr. BAKER. They are very large, but I did not know it amounted to that.

Mr. UNTERMYER. Will you look at this list and see whether it is not a correct list?

Mr. BAKER. I could not tell whether that is correct. If that foots up so, I will take your word for it.

Mr. UNTERMYER. No; just look at it [handing paper].

Mr. BAKER. I can not remember all these.

Mr. UNTERMYER. Was not the National City Bank in it with you in all those issues?

Mr. BAKER. Yes; I think so.

Mr. UNTERMYER. There were three of you. Those are all New York Central lines, are they not?

Mr. BAKER. Yes.

Mr. UNTERMYER. There were 10 such issues, amounting to over $200,000,000?

Mr. BAKER. Yes.

Mr. UNTERMYER. And they were for joint account of Messrs. Morgan, your bank, and the City Bank?

Mr. BAKER. Yes.

Mr. UNTERMYER. We will put this into the record, subject to correction, and if there is any mistake about it we will correct them. I will not read it, as it is too long.

The list submitted by Mr. Untermyer to the witness is as follows:

Lake Shore & Michigan Southern, 4 per cent debentures, November 13, 1903, $40,000,000.
Four per cent debentures, due 1931, February 14, 1906, $35,000,000.
Same security, February 28, 1910, $15,000,000.
Chicago, Indiana & Southern Railway, 4 per cent bonds, April 17, 1908, $15,150,000.
Jamestown F. & C. first-mortgage 4 per cent bonds, February 28, 1910, $11,000,000.
Detroit River Tunnel Co., first-mortgage 50-year 4½ per cent bonds, May 25, 1911, $14,000,000.
One-year notes, March 17, 1910, $8,500,000.
One-year notes, February 6, 1911, 60,000 francs.
One-year notes, February 19, 1912, £1,400,000.

Did you also make purchases of issues of securities of the Louisville & Nashville Railroad for joint account of Messrs. Morgan & Co., yourselves, and the City Bank?

Mr. BAKER. I think I testified a little while ago to that, did I not? Yes.

Mr. UNTERMYER. I do not know. I think we only had one.

Mr. BAKER. All right.

Mr. UNTERMYER. How many have there been?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. Were there not three—two for $10,000,000 and one for $29,564,000?

Mr. BAKER. I have forgotten the amounts.

Mr. UNTERMYER. You are going to furnish all these, are you not?

Mr. BAKER. I was just going to say, I do not see why I should take up so much of your time when I am to try to give it to you.

Mr. UNTERMYER. We want the evidence.
Mr. BAKER. All right.
Mr. UNTERMYER. We want the oral evidence.
Mr. BAKER. Then you will make my corrections where my forgetfulness comes in, I suppose?
Mr. UNTERMYER. Yes. Did you also join with Morgan & Co. and the City Bank in issues of notes of the Maine Central Railroad?
Mr. BAKER. I think so.
Mr. UNTERMYER. $12,000,000 issue?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. How about the Michigan Central?
Mr. BAKER. Yes, sir; we did. I do not remember the amount, exactly.
Mr. UNTERMYER. There are four such issues. Was there not one of 50,000,000 francs; a French issue?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. And three other issues. Was the City Bank a joint participant with you and Messrs. Morgan in all those issues?
Mr. BAKER. I think so.
Mr. UNTERMYER. Have you and Messrs. Morgan also been joint participants in the purchase and issue and disposition of the bonds of the New York Central & Hudson River Railroad and the New York, New Haven & Hartford?
Mr. BAKER. Those two separate ones, you mean?
Mr. UNTERMYER. Yes; those two separate companies; at two different times?
Mr. BAKER. Yes, sir.
Mr. UNTERMYER. There have been a great many of those, have there not?
Mr. BAKER. Quite a number of the Central.
Mr. UNTERMYER. Have they amounted to about $150,000,000 since 1905?
Mr. BAKER. I should think so.
Mr. UNTERMYER. And has the City Bank been a participant with you and Messrs. Morgan in those enterprises?
Mr. BAKER. Mostly, if not all.
Mr. UNTERMYER. It was a participant with you both in all of the New York Central, was it not?
Mr. BAKER. I think so; yes, sir.
Mr. UNTERMYER. And in most of the New Haven?
Mr. BAKER. I think so; yes, sir.
Mr. UNTERMYER. What have been your relations with the New York, Ontario & Western?
Mr. BAKER. Not any.
Mr. UNTERMYER. Have you and Messrs. Morgan been jointly concerned in transactions of the Reading Co., in the flotation of its securities?
Mr. BAKER. I can not recall any lately with the Reading.
Mr. UNTERMYER. Was there not one in January, 1911, $18,811,000, general mortgage 4 per cent bonds of the Reading Co.?
Mr. BAKER. I had really forgotten that.
Mr. UNTERMYER. Do you remember it now?
Mr. BAKER. No; I do not quite.

Mr. UNTERMYER. Was not the City Bank with you both in that?

Mr. BAKER. Yes; I think so.

Mr. UNTERMYER. Do you know to what extent you and Messrs. Morgan were joint participants in the issue of securities of the Southern Railway?

Mr. BAKER. Well, to quite a considerable extent; I can not tell the figures.

Mr. UNTERMYER. You do not know how many millions?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Have you had anything to do with the United States Rubber Co.?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. With whom were you associated in that?

Mr. BAKER. Mr. Hine managed that, and I really do not remember.

Mr. UNTERMYER. Was that a joint transaction between yourselves, Messrs. Morgan, and Kidder, Peabody & Co., of Boston?

Mr. BAKER. I think likely. I think that was while I was away or something. I know I heard of it afterwards.

Mr. UNTERMYER. Your bank does have underwritings from time to time, or you have underwritings, have you not?

Mr. BAKER. You mean to ourselves?

Mr. UNTERMYER. No; between yourselves and your associates.

Mr. BAKER. You mean we have participations in underwritings?

Mr. UNTERMYER. No. But do not you give participations?

Mr. BAKER. Well, it is very rarely. I can not recall any just at the moment.

Mr. UNTERMYER. Can you give us any idea of the volume of securities that are issued and placed by your firm from year to year? Have you any data on the subject?

Mr. BAKER. No; I have not. I remember we placed nearly eight hundred millions of United States bonds in 1879.

Mr. UNTERMYER. Yes; that is a long time ago.

Mr. BAKER. Yes.

Mr. UNTERMYER. We are not interested specially in anything so far back. What are your relations with the Illinois Trust & Savings Bank, of Chicago?

Mr. BAKER. They keep an account with us, and Mr. Mitchell, the president, is one of our directors.

Mr. UNTERMYER. And they participate with you in purchases of issues of securities?

Mr. BAKER. Not many.

Mr. UNTERMYER. They do occasionally?

Mr. BAKER. Yes.

Mr. UNTERMYER. How about the First National of Chicago?

Mr. BAKER. The same.

Mr. UNTERMYER. They are in the same relation with you?

Mr. BAKER. Yes, sir; except no one there is a director.

Mr. UNTERMYER. Mr. Forgan is not a director in your bank?

Mr. BAKER. No.

Mr. UNTERMYER. Did you have anything to do with the negotiation or the sale of the interest of the Mutual Life in the Mercantile Trust Co. to the Bankers' Trust?

Mr. BAKER. No.

Mr. UNTERMYER. Was that a sale by the Equitable of the Mercantile?

Mr. BAKER. That was an Equitable sale.

Mr. UNTERMYER. Whilst you were a voting trustee of the Guaranty Trust how many other trust companies did it absorb?

Mr. BAKER. I could not tell you from recollection.

Mr. UNTERMYER. You voted on it as a voting trustee, did you not?

Mr. BAKER. I do not believe I did. That would be done by the directors, I should think.

Mr. UNTERMYER. Do you not know that under the terms of the voting trust agreement you vote the stock just for that purpose in favor of mergers?

Mr. BAKER. I have forgotten just the wording of that.

Mr. UNTERMYER. Well, the Morton Trust Co. was acquired under that voting trust, or had it been acquired previously?

Mr. BAKER. I should imagine it was previously, because that was one of the original parties to it.

Mr. UNTERMYER. When was the Morton Trust Co. merged with the Guaranty Trust; was it in January, 1912?

Mr. BAKER. I do not know the date. January, 1912?

Mr. UNTERMYER. Yes. It was earlier than that, was it not?

Mr. BAKER. Earlier than that, I should think.

Mr. UNTERMYER. The superintendent of banks' report shows 1912, but it was some years before, was it not?

Mr. BAKER. I thought it was longer ago than that. That is only a year.

Mr. UNTERMYER. But the Fifth Avenue Trust was only recently merged, was it not?

Mr. BAKER. I thought that was longer ago than that.

Mr. UNTERMYER. 1910?

Mr. BAKER. No; I thought you said 1912.

Mr. UNTERMYER. 1910?

Mr. BAKER. I think it was since that.

Mr. UNTERMYER. You know your voting trust was organized since 1910, was it not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Were you ever called on to do anything about the acquisition of the Morton Trust and the Fifth Trust?

Mr. BAKER. Not that I remember; no, sir.

Mr. UNTERMYER. The Standard Trust has been merged into the Guaranty Trust, too, has it?

Mr. BAKER. Yes.

Mr. UNTERMYER. That is within six months, is it not?

Mr. BAKER. It was last summer.

Mr. UNTERMYER. Did you take any action on that?

Mr. BAKER. No, sir; I was abroad.

Mr. UNTERMYER. Do you know what was done? Who are your cotrustees?

Mr. BAKER. In the Guaranty Trust?

Mr. UNTERMYER. Yes; in the voting trust.

Mr. BAKER. Mr. Davison is one. Who is the other? We had it here on the record yesterday. Mr. Porter and Mr. Davison are the two.

Mr. UNTERMYER. Mr. Porter and Mr. Davison, of the firm of J. P. Morgan & Co.?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Did you leave it all to them?

Mr. BAKER. No; those things are generally done by the board, the executive committee.

Mr. UNTERMYER. Do you not understand that under the terms of this agreement the power to pass upon the merger of another bank, or to increase the capital of the trust company, and to fix the terms on which the new concern is to be taken on have to be passed on by the voting trustees on behalf of the stockholders?

Mr. BAKER. That is practically the same thing as when the board of directors passes on a resolution and the president or vice president signs a check for it.

Mr. UNTERMYER. You think so?

Mr. BAKER. Yes.

Mr. UNTERMYER. Do you not realize, Mr. Baker, that the stockholders of the company turn their stock into your hands?

Mr. BAKER. Yes.

Mr. UNTERMYER. And do you not realize that if they did not do so they would have had a chance to pass on the transaction of taking in these trust companies? You understood that, did you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. Did you not understand that you were to exercise that power for them?

Mr. BAKER. And we did it, indirectly, through the board of directors and officers who could give their close attention to it.

Mr. UNTERMYER. You understand you, as voting trustees, simply took your instructions from the board of directors?

Mr. BAKER. I do not know what the others did. I can only speak for myself.

Mr. UNTERMYER. So far as you are concerned, that is what you did?

Mr. BAKER. Yes.

Mr. UNTERMYER. Then, you exercised none of your powers as a voting trustee in the determining of the discretion vested in you?

Mr. BAKER. No; because it was all determined. It was entirely acceptable.

Mr. UNTERMYER. Who determined it?

Mr. BAKER. I can not tell you. I do not remember.

Mr. UNTERMYER. Did you ever talk with anybody about it?

Mr. BAKER. No, sir; I did not.

Mr. UNTERMYER. Do you know what it involved in money?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Do you know what the price of these things was?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Do you know the basis on which they were taken in?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Did you ever have a meeting of your voting trustees?

Mr. BAKER. I think not.

Mr. UNTERMYER. Do you not know that you had to sign a consent to the transaction, and to each one of them?

Mr. BAKER. I do not remember that.

Mr. UNTERMYER. At any rate, you relied on somebody else?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Mr. Baker, have you assisted Morgan & Co. or been concerned with them in the financing of any enterprises that compete with the ones that they have brought out?

Mr. BAKER. I do not recall any.

Mr. UNTERMYER. That is not considered good banking ethics, is it?

Mr. BAKER. Oh, we might——

Mr. UNTERMYER (interposing). Is it good banking ethics?

Mr. BAKER. I never happened to hear the question come up that way before.

Mr. UNTERMYER. You know the ethics of banking——

Mr. BAKER. Yes; the Atlantic Coast Line and the Southern Railway are competing lines.

Mr. UNTERMYER. They are potentially competing lines, are they not, just as the Northern Pacific and the Great Northern are? But do you know whether it is considered good banking ethics for a banking house that is running a road under a voting trust on behalf of the stockholders to finance a competitor?

Mr. BAKER. I do not.

Mr. UNTERMYER. What should you say about it?

Mr. BAKER. I never happened to have the question come up.

Mr. UNTERMYER. Do you think a competitor is independent as a competitor when it is financed in that way?

Mr. BAKER. They might or might not be.

Mr. UNTERMYER. They might or might not be. It would depend, would it not, on its strength, on how strong it was?

Mr. BAKER. There is just an illustration, that I have given you, the Atlantic Coast Line and the Southern Railway.

Mr. UNTERMYER. Yes; but I say if Messrs. Morgan & Co., being voting trustees of the Southern Railway and having the interests of all the stockholders in its hands, finance a competitor, do you think that that competitor is as independent a competitor against them as if it had been organized by some independent house?

Mr. BAKER. Yes; I think so. I think they would be.

Mr. UNTERMYER. Do you know whether Messrs. Morgan & Co. have also engaged, directly or indirectly, in financing competitors in the steel business?

Mr. BAKER. I do not.

Mr. UNTERMYER. Do you know anything about it?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Have you not taken participations in bond issues of competing steel companies?

Mr. BAKER. I do not think so.

Mr. UNTERMYER. What is that?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. Did you take any interest in the Bethlehem?

Mr. BAKER. No, sir; I do not think so.

Mr. UNTERMYER. That was financed by Harvey Fisk & Sons, was it not?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Do you remember that?

Mr. BAKER. I remember the Bethlehem Steel. I do not think we ever had an interest in it.

Mr. UNTERMYER. What relations have Harvey Fisk & Sons with Messrs. Morgan & Co.?

Mr. BAKER. They seem to be very good.

Mr. UNTERMYER. There is a very close alliance between them, is there not?

Mr. BAKER. I think so.

Mr. UNTERMYER. Do you know whether Harvey Fisk & Sons financed the Bethlehem Steel under any arrangement with Messrs. Morgan & Co.?

Mr. BAKER. I do not know anything about it.

Mr. UNTERMYER. Suppose Bethlehem Steel had been financed, by way of illustration, by Messrs. Morgan & Co.

Mr. BAKER. Yes.

Mr. UNTERMYER. Do you think it would be quite as independent, as a competitor of the United States Steel Corporation, as if it had been financed from England, by some independent company?

Mr. BAKER. I think it would.

Mr. UNTERMYER. What about the financing of other companies? Has the Lackawanna Steel been financed?

Mr. BAKER. I do not know, sir.

Mr. UNTERMYER. The Cambria Steel?

Mr. BAKER. I could not tell you.

Mr. UNTERMYER. The Republic Iron & Steel? You know of that, do you not?

Mr. BAKER. Yes; I know of that.

Mr. UNTERMYER. You know Messrs. Morgan & Co. financed that recently?

Mr. BAKER. Recently?

Mr. UNTERMYER. Fairly recently. Do you not know that?

Mr. BAKER. I do not remember it.

Mr. UNTERMYER. Were you not concerned in it?

Mr. BAKER. Possibly.

Mr. UNTERMYER. What was that financing?

Mr. BAKER. I do not remember it.

Mr. UNTERMYER. Has there not been any financing in the Republic Iron & Steel recently?

Mr. BAKER. I do not remember it.

Mr. UNTERMYER. Do you think that where a banking house is responsible for a great corporation, as its fiscal agent, banker, having its partners on the board, that a weak competitor who is financed by it is in as strong and independent a position to compete as though he had not been so financed?

Mr. BAKER. Well, we will say no.

Mr. UNTERMYER. You mean it, too, do you not, Mr. Baker?

Mr. BAKER. Yes.

Mr. UNTERMYER. Mr. Morgan, in his testimony, referred to the large increase in the Reading Co.'s earning since the reorganization. Can you tell me, as a director in those companies, how much increase there has been during that time in the price of coal?

Mr. BAKER. No; I can not.

Mr. UNTERMYER. Can you tell me how much the price per ton was increased over and above the increased cost of production?

Mr. BAKER. I do not think it was increased any; but I do not know.

Mr. UNTERMYER. Do you not know that the increased cost of production has been about 32 cents a ton?

Mr. BAKER. No; I do not.

Mr. UNTERMYER. Do you not know that the increased price at the mines has been a little over three times the increase in cost of production?

Mr. BAKER. No; I did not know that.

Mr. UNTERMYER. Do you know whether it is so or not?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Have you never followed those statistics?

Mr. BAKER. Not of late years; not for a number of years.

Mr. UNTERMYER. You can gather those for the committee, can you not?

Mr. BAKER. Oh, I can.

Mr. UNTERMYER. Will you do so?

Mr. BAKER. I shall try to do so.

Mr. UNTERMYER. We shall feel indebted to you, Mr. Baker, if you will give us those statistics.

Mr. BAKER. All right, sir.

Mr. UNTERMYER. I understood you to say that you personally did not know anything about the negotiations in the organization of the Steel Corporation?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. That is right, is it?

Mr. BAKER. Yes.

Mr. UNTERMYER. Or the way in which the boards are made up?

Mr. BAKER. That is correct.

Mr. UNTERMYER. What are the ethics of banking, Mr. Baker, as to noninterference with a banker who represents a street railroad or industrial property in dealing with the security of that company?

Mr. BAKER. I could not tell you. I do not know.

Mr. UNTERMYER. Do you not know, Mr. Baker, that it is considered improper to bid upon the securities of such a company as against the banker that is responsible for the company and its success?

Mr. BAKER. I should think it would be.

Mr. UNTERMYER. What part does the clearing house of New York play in the financial system of the country? A very important part?

Mr. BAKER. Only in times of panic; except for the facility of transacting business.

Mr. UNTERMYER. It plays an important part in the facility of transacting business, does it not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And is the stock exchange an integral and essential part of the present complicated financial system?

Mr. BAKER. I should think so; yes, sir.

Mr. UNTERMYER. How are values of listed securities fixed? Are they fixed by quotations on the exchange?

Mr. BAKER. I suppose so; yes, sir.

Mr. UNTERMYER. When your bank lends on securities, what basis does it take for loans?

Mr. BAKER. If they are active, we take the quotations of the stock exchange.

Mr. UNTERMYER. You take the listed quotations?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Do you not think there should be a law to prevent directors from borrowing from their own institutions?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You are opposed to it, are you? You think they should be permitted to borrow in the discretion of their codirectors?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Suppose they all want to borrow?

Mr. BAKER. That is——

Mr. UNTERMYER (interposing). That is as broad as it is long.

Mr. BAKER. I think I would rather know whether a director in my bank was borrowing money or not, and know just how he stood financially. I should rather have him borrow of me than go outside to do it.

Mr. UNTERMYER. If he borrows outside you would know it, would you not?

Mr. BAKER. Not necessarily.

Mr. UNTERMYER. If he borrows from clearing-house banks you would.

Mr. BAKER. No, sir.

Mr. UNTERMYER. You do not disapprove of directors borrowing from their banks?

Mr. BAKER. I do not; no, sir.

Mr. UNTERMYER. You approve of it?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Is that the reason why men are so willing to be directors of banks?

Mr. BAKER. Perhaps it is. It is with some of them.

Mr. UNTERMYER. You think if they were not allowed to borrow you would have difficulty in getting good directors?

Mr. BAKER. I got in two or three banks, but I did not get any loans from them.

Mr. UNTERMYER. Do the directors in your bank know the loans in your bank?

Mr. BAKER. It is like all directors; some do and some do not.

Mr. UNTERMYER. But those that want to know are informed, are they not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. And the executive committee knows it, does it not?

Mr. BAKER. Not always, but they should know it. I ought to know a great many things that I do not know.

Mr. UNTERMYER. You do not agree, then, with Mr. Morgan's view that the directors are not entitled to know the loans in their banks?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Are you connected with the American Locomotive Works?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Are any of your banks?

Mr. BAKER. No, sir.

Mr. UNTERMYER. Mr. Baker, I suppose you do not think there is a money trust, do you?

Mr. BAKER. I do not believe there is.

Mr. UNTERMYER. You do not think there is?

Mr. BAKER. No, sir.

Mr. UNTERMYER. What do you understand by a money trust?

Mr. BAKER. I give it up. I don't know.

Mr. UNTERMYER. Then you you do not know whether there is one or not, do you?

Mr. BAKER. No; I do not. I do not take much interest in that.

Mr. UNTERMYER. Do you think there is any kind of a trust in anything?

Mr. BAKER. Oh, yes; I suppose so.

Mr. UNTERMYER. Do you concede that there are any trusts in the country at all, of any kind?

Mr. BAKER. That is what they call them—all these combinations.

Mr. UNTERMYER. There are some, are there?

Mr. BAKER. They call them that; yes, sir.

Mr. UNTERMYER. And whether or not there is a money trust you would not like to say?

Mr. BAKER. No.

Mr. UNTERMYER. Suppose we define a money trust as an established identity and community of interest between a few leaders of finance which has been created and is held together through stock holding, interlocking directorates, and other forms of domination over banks, trust companies, railroads, public-service and industrial corporations, and which has resulted in vast and growing concentration and control of money and credit in the hands of a comparatively few men. Taking that definition, is there any doubt of the fact that there has been of late years a vast and growing concentration of credit in the hands of a few men?

Mr. BAKER. Well, there is a great amount of money that has come together here, more or less concentrated.

Mr. UNTERMYER. There have been great mergers of financial institutions, have there not?

Mr. BAKER. Yes, sir.

Mr. UNTERMYER. Take, for instance, the Guaranty and the Bankers Trust. They represent, now, how many different banks and trust companies?

Mr. BAKER. I do not remember.

Mr. UNTERMYER. Were there not five put into the Guaranty and two in the Bankers'?

Mr. BAKER. I do not remember. Very likely.

Mr. UNTERMYER. And there have been a great number of those consolidations in different parts of the country?

Mr. BAKER. Yes.

Mr. UNTERMYER. And is it or not the fact that, of late years, there has been a change of policy on the part of the great bankers in buying into financial institutions?

Mr. BAKER. I do not know it.

Mr. UNTERMYER. Take, for instance, Morgan & Co. Do you not know that in the last 10 years they have bought into a great many banks, and have supported and encouraged the combination and consolidation of a great many with which they have been identified?

Mr. BAKER. I did not know that; no, sir.

Mr. UNTERMYER. You do not know the extent to which they have done it?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You have been concerned very much in putting banks together, have you not?

Mr. BAKER. Not very much.

Mr. UNTERMYER. You have put a good many of them together, or have been concerned in doing it, have you not?

Mr. BAKER. Not very many, I do not think.

Mr. UNTERMYER. How many have you been concerned in putting together?

Mr. BAKER. The Sixth and the Astor and the Republic and the First. That is all I think of at the moment.

Mr. UNTERMYER. You have also bought into the Liberty, have you not?

Mr. BAKER. That was not a consolidated bank.

Mr. UNTERMYER. But you have bought into a number of financial institutions?

Mr. BAKER. I do not think I bought in that. I think I was one of the original——

Mr. UNTERMYER (interposing). Did you buy into the City Bank?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You know that Messrs. Morgan have, largely, do you not?

Mr. BAKER. I know that they are directors in that bank, and that they must be stockholders; I do not know to what extent.

Mr. UNTERMYER. You have bought into the Bank of Commerce lately, have you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. That is a sort of concentration that has been going on of late years considerably, has it not, in very large amounts?

Mr. BAKER. I doubt it.

Mr. UNTERMYER. What is the extent to which you have been a party to it, in dollars? Would you be able to say?

Mr. BAKER. No, sir.

Mr. UNTERMYER. You would not?

Mr. BAKER. No, sir; not offhand, certainly.

Mr. UNTERMYER. I suppose you would see no harm, would you, in having the control of credit, as represented by the control of banks and trust companies, still further concentrated? Do you think that would be dangerous?

Mr. BAKER. I think it has gone about far enough.

Mr. UNTERMYER. You think it would be dangerous to go further?

Mr. BAKER. It might not be dangerous, but still it has gone about far enough. In good hands, I do not see that it would do any harm. If it got into bad hands, it would be very bad.

Mr. UNTERMYER. If it got into bad hands, it would wreck the country?

Mr. BAKER. Yes; but I do not believe it could get into bad hands.

Mr. UNTERMYER. You admit that if this concentration, to the point to which it has gone, were by any action to get into bad hands, it would wreck the country?

Mr. BAKER. I can not imagine such a condition.

Mr. UNTERMYER. I thought you said so.

Mr. BAKER. I said it would be bad, but I do not think it would wreck the country. I do not think bad hands could manage it. They could not retain the deposits nor the securities.

Mr. UNTERMYER. I am not speaking of incompetent hands. We are speaking of this concentration which has come about and the power that it brings with it getting into the hands of very ambitious men, perhaps not overscrupulous. You see a peril in that, do you not?

Mr. BAKER. Yes.

Mr. UNTERMYER. So that the safety, if you think there is safety in the situation, really lies in the personnel of the men?

Mr. BAKER. Very much.

Mr. UNTERMYER. Do you think that is a comfortable situation for a great country to be in?

Mr. BAKER. Not entirely.

Mr. UNTERMYER. I think that is all. We are very much obliged to you.

Mr. BAKER. I would like, before going, to thank the committee and counsel for their courtesy.

The CHAIRMAN. We are indebted to you for your courtesy, Mr. Baker.

Whereupon, at 4.25 o'clock p. m., an adjournment was taken until Tuesday, January 14, 1913, at 2 o'clock p. m.

EXHIBIT 197.

CORPORATIONS IN WHICH THE BANK'S OFFICERS ARE DIRECTORS.

[Corporations marked with an asterisk (*) have some member of the firm of J. P. Morgan & Co. in the directorate.]

* Adams Express Co.
American Can Co.
American Cotton Oil Co.
American Red Cross, of Washington, D. C.
American Surety Co.
† * American Telephone & Telegraph.
† * Astor Trust Co.
Audit Co., of New York.
Bankers' Safe Deposit Co.
* Baldwin Locomotive Co.
* Bankers' Trust Co.
Brooklyn Trust Co.
Burlington, Cedar Rapids & Northern Railway Co.
Car Trust Investment Co. (Ltd.).
Cedar Rapids, Iowa Falls & Northwestern Railway Co.
* Central Railroad of New Jersey.
Chase National Bank.
Chicago, Burlington & Quincy Railroad Co.
Chicago, Rock Island & Pacific Railroad Co.
Chicago, Rock Island & Pacific Railway Co.
Choctaw, Oklahoma & Gulf Railroad Co.
Colorado & Southern Railway Co.
Consolidated Gas Co. of New York.
Delaware, Lackawanna & Western Railroad Co.
East Jersey Water Co.
Equitable Life Assurance Society.
* Erie Railroad Co.
Farmers' Loan & Trust Co.
Fidelity Phenix Fire Insurance Co. of New York.
* First National Bank, New York.
* First Security Co. of the City of New York.

First National Bank, Groton, N. Y.
* Geneva, Corning & Southern Railroad Co.
* Guaranty Trust Co. of New York.
Home Life Insurance Co. of New York.
Jersey City Water Supply Co.
Keokuk & Des Moines Railway Co.
* Lake Erie & Western Railroad Co.
Lake Forest University, Lake Forest, Ill.
* Lake Shore & Michigan Southern Railway Co.
* Lehigh & Wilkes-Barre Coal Co.
* Lehigh Valley Railroad Co.
* Liberty National Bank of New York.
* Michigan Central Railroad Co.
* Mohawk & Malone Railway Co.
Montclair Golf Club, Montclair, N. J.
Montclair Water Co., Montclair, N. J.
* Mutual Life Insurance Co. of New York.
Nashawannuck Manufacturing Co.
Nassau Country Club.
* National Bank of Commerce, New York.
National Biscuit Co.
National Employment Exchange.
* New England Navigation Co.
New Jersey General Security Co.
New York Clearing House Association.
* New York & Harlem Railroad Co.
New York & Long Branch Railroad Co.
* New York & Putnam Railroad Co.
* New York Central & Hudson River Railroad Co.
* New York, Chicago & St. Louis Railroad Co.
New York Edison Co.
New York Mutual Gas Light Co.
* New York, New Haven & Hartford Railroad Co.
* New York, Susquehanna & Western Railroad Co.
* Northern Pacific Railway Co.
Northern Securities Co.
Orange Lawn Tennis Club.
Pennsylvania Coal Co.
Peoria & Bureau Valley Railroad Co.
Phelps, Dodge & Co. (Inc.).
* Philadelphia & Reading Railway Co.
* Pullman Co.
Quincy, Omaha & Kansas City Railway Co.
* Reading Co.
Review of Reviews Co.
Rock Island Co.
* Rutland Railroad Co.
Securities Co.
Spring Brook Water Supply Co.
* Southern Railway Co.
Tide Water Oil Co.
Tide Water Pipe Co. (Ltd.).
United States Rubber Co.
* United States Steel Corporation.
* West Shore Railroad Co.
* William Cramp & Sons Ship & Engine Building Co.
Delaware, Lackawanna & Western Coal.
Tobacco Products Corporation.

EXHIBIT 197-A.

CORPORATIONS IN WHICH THE BANK'S OFFICERS ARE DIRECTORS.

Mr. F. L. Hine.

American Can Co.
American Cotton Oil Co.
American Surety Co.
* Astor Trust Co.

Audit Co. of New York
* Bankers Trust Co.
Brooklyn Trust Co.
Burlington, Cedar Rapids & Northern Railway Co.
Cedar Rapids, Iowa Falls & Northwestern Railway Co.
Chase National Bank, New York.
Chicago, Rock Island & Pacific Railroad Co.
Chicago, Rock Island & Pacific Railway Co.
Choctaw, Oklahoma & Gulf Railroad Co.
East Jersey Water Co.
Fidelity Phenix Fire Insurance Co. of New York.
* First National Bank, New York.
* First Security Co. of the city of New York.
Home Life Insurance Co. of New York.
Jersey City Water Supply Co.
Keokuk & Des Moines Railway Co.
* Liberty National Bank.
Nassau Country Club.
Nashawannuck Manufacturing Co.
* National Bank of Commerce, New York.
National Biscuit Co.
National Employment Exchange.
New York Clearing House Association.
Peoria & Bureau Valley Railroad Co.
Phelps, Dodge & Co. (Inc.).
Review of Reviews Co.
Rock Island Co.
Securities Co.
Tide Water Oil Co.
Union Theological Seminary.
United States Rubber Co.
* William Cramp & Sons Ship & Engine Building Co.
Tobacco Products Corporation.

Mr. C. D. Norton.

American Red Cross, of Washington, D. C.
* Baldwin Locomotive Works.
* Bankers Trust Co.
Charity Organization Society of New York.
Equitable Life Assurance Society.
* First National Bank.
* First Security Co
Lake Forest University, Lake Forest, Ill.

Mr. C. D. Backus.

First National Bank, Groton, N. Y.
Montclair Golf Club, Montclair, N. J.

Mr. F. D. Bartow.

Orange Lawn Tennis Club, South Orange, N. J.

Mr. George F. Baker, sr.

* Adams Express Co.
* American Telegraph & Telephone Co.
* Astor Trust Co.
Bankers Safe Deposit Co.
City Trust Investment Co. (Ltd.).
* Central Railroad of New Jersey.
Chase National Bank.
Chicago, Burlington & Quincy Railroad Co.
Colorado & Southern Railway Co.
Consolidated Gas Co. of New York.
Delaware, Lackawanna & Western Railroad Co.

East Jersey Water Co.
* Erie Railroad Co.
Farmers Loan & Trust Co.
* First National Bank, New York.
* First Security Co. of the city of New York.
* Geneva, Corning & Southern Railroad Co.
* Guaranty Trust Co. of New York.
Jersey City Water Supply Co.
* Lake Erie & Western Railroad Co.
* Lake Shore & Michigan Southern Railway Co.
* Lehigh & Wilkes-Barre Coal Co.
* Lehigh Valley Railroad Co.
* Michigan Central Railroad Co.
* Mohawk & Malone Railway Co.
Montclair Water Co.
* Mutual Life Insurance Co. of New York.
* National Bank of Commerce, New York.
* New England Navigation Co.
New Jersey General Security Co.
* New York & Harlem Railroad.
New York & Long Branch Railroad Co.
* New York & Putnam Railroad Co.
* New York Central & Hudson River Railroad Co.
* New York, Chicago & St. Louis Railroad Co.
New York Edison Co.
New York Mutual Gas Light Co.
* New York, New Haven & Hartford Railroad Co.
* New York, Susquehanna & Western Railroad Co.
* Northern Pacific Railway Co.
Northern Securities Co.
Pennsylvania Coal Co.
* Philadelphia & Reading Railway Co.
* Pullman Co.
* Reading Co.
* Rutland Railroad Co.
Spring Brook Water Supply Co.
* United States Steel Corporation.
* West Shore Railroad Co.

Mr. George F. Baker, jr.

Chase National Bank.
Colorado & Southern Railway Co.
Delaware, Lackawanna & Western Railroad Co.
Delaware, Lackawanna & Western Coal Co.
* First National Bank.
* First Security Co. of the city of New York.
Jersey City Water Supply Co.
New York & Long Branch Railroad Co.
Quincy, Omaha & Kansas City Railroad.
* Southern Railway Co.
Tide Water Oil Co.
Tide Water Pipe Co.

EXHIBIT 198.

FIRST NATIONAL BANK OF THE CITY OF NEW YORK.

Net deposits at January 1 for each year since organization.

1863		1869	$3,858,800
1864		1870	4,173,100
1865		1871	4,134,700
1866		1872	5,049,000
1867		1873	4,908,000
1868		1874	5,001,100

1875	$5,458,800	1895	$22,838,000
1876	5,843,100	1896	17,499,600
1877	6,317,000	1897	22,645,300
1878	6,668,000	1898	26,627,500
1879	8,553,200	1899	34,188,300
1880	11,042,000	1900	29,890,900
1881	15,408,500	1901	37,241,300
1882	14,732,200	1902	74,909,900
1883	15,349,700	1903	68,088,900
1884	14,268,900	1904	70,378,200
1885	16,312,000	1905	97,097,000
1886	19,691,500	1906	72,171,000
1887	19,310,500	1907	61,041,000
1888	18,164,800	1908	78,101,000
1889	22,707,300	1909	131,738,000
1890	20,679,900	1910	85,069,000
1891	20,051,200	1911	84,699,000
1892	24,654,300	1912	106,811,000
1893	19,546,000	1913	
1894	23,016,900		

EXHIBIT 199.

AGREEMENT BETWEEN GUARANTY TRUST CO. OF NEW YORK AND SYNDICATE SUBSCRIBERS.

An agreement made this 27th day of February, in the year 1899, by and between Guaranty Trust Co. of New York, a corporation existing under the laws of the State of New York (hereinafter called the Trustee), party of the first part, and the several subscribers (hereinafter called each a syndicate subscriber and collectively the Syndicate), parties of the second part:

Whereas two certain contracts have been entered into by and between Clarence D. Simpson and Thomas H. Watkins, composing the firm of Simpson & Watkins, of Scranton, Pa., one with the Temple Iron Company, a corporation of the State of Pennsylvania, and the other with the said Guaranty Trust Co. of New York, of which agreements copies are hereunto annexed and upon which this agreement is based: Now therefore

This agreement witnesseth:

First: Upon demand to be served severally, as hereinafter provided, the Syndicate will purchase from the Trustee the first collateral-trust or mortgage 4 per cent gold sinking-fund bonds of the Temple Iron Co. for the aggregate principal sum of $2,100,000 and will pay therefor the price of 90 cents on the dollar and accrued interest, and also will purchase from the Trustee at par its certificates of beneficial interest for the aggregate principal sum of $1,500,000 in respect of certificates of the capital stock of said the Temple Iron Co. for a like amount held by or deposited with the Trustee, it being understood that so many of such shares as may be necessary therefor may be withdrawn and be used to qualify directors and judges of election. The terms of the certificates of such beneficial interest shall be such as shall be determined by Francis Lynde Stetson, George F. Baer, and C. H. Coster, or any two of them.

Second. The total obligation now assumed by the Syndicate hereunder is $3,390,000, and no syndicate subscriber assumes any obligation hereunder in excess of the sum stated in his subscription hereto, and no syndicate subscriber shall be responsible for the default or failure of any other syndicate subscriber.

It is, however, distinctly understood and agreed that as and when determined by the said Stetson, Baer, and Coster, or by any two of them, the capital stock of said The Temple Iron Co. may be increased to an aggregate amount not exceeding $5,000,000, and may be issued (but in such manner only as shall result in the same being deposited with and held by the Trustee upon conditions and against certificates of beneficial interest similar to those herein proposed), and its first collateral-trust or mortgage deed may be made to secure a possible issue of bonds for an aggregate principal sum not exceeding $15,000,000, of which $11,500,000 shall be reserved and used only with the consent of the said Stetson, Baer, and Coster, or any two of them, for the purpose of acquiring additional property.

Third. Any and all notices or demands hereunder to or upon any syndicate subscriber shall be sufficiently given or made if delivered or mailed to such subscriber at the address indicated in his subscription.

In witness whereof the parties have caused these presents duly to be executed and delivered the day and year first above written.

[L. S.] GUARANTY TRUST CO. OF NEW YORK,
By W. G. OAKMAN, *President.*

Attest:
[SEAL.] H. A. MURRAY, *Secretary.*

J. P. Morgan	$500,000
H. McK. Twombly	500,000
Wm. Rockefeller	500,000
Geo. F. Baer	500,000
James Stillman	250,000
Drexel & Co	640,000
Guaranty Trust Co. of New York, by W. G. Oakman, president	500,000
	3,390,000

MONEY TRUST INVESTIGATION

INVESTIGATION

OF

FINANCIAL AND MONETARY CONDITIONS IN THE UNITED STATES

UNDER

HOUSE RESOLUTIONS NOS. 429 AND 504

BEFORE A

HOUSE

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY

PART 22

WASHINGTON
GOVERNMENT PRINTING OFFICE
1913

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY.

HOUSE OF REPRESENTATIVES.

ARSÈNE P. PUJO, Louisiana, *Chairman.*

WILLIAM G. BROWN, West Virginia.	GEORGE A. NEELEY, Kansas.
ROBERT L. DOUGHTON, North Carolina.	HENRY McMORRAN, Michigan.
HUBERT D. STEPHENS, Mississippi.	EVERIS A. HAYES, California.
JAMES A. DAUGHERTY, Missouri.	FRANK E. GUERNSEY, Maine.
JAMES F. BYRNES, South Carolina.	WILLIAM H. HEALD, Delaware.

R. W. FONTENOT, *Clerk.*
A. M. MCDERMOTT, *Assistant Clerk.*

MONEY TRUST INVESTIGATION.

SUBCOMMITTEE OF THE
COMMITTEE ON BANKING AND CURRENCY,
HOUSE OF REPRESENTATIVES,
Washington, D. C., Wednesday, January 15, 1913.

The subcommittee met at 11 o'clock a. m.

Present: Messrs. Pujo (chairman), Stephens, Daugherty, Byrnes, Guernsey, Heald, Neeley, and Hayes.

Present also: Samuel Untermyer, Esq., of New York City, counsel for the committee.

The CHAIRMAN. The committee will come to order, and Dr. Richardson will take the stand.

TESTIMONY OF CHARLES W. RICHARDSON, M. D.

The witness was sworn by the chairman.

Mr. UNTERMYER. Dr. Richardson, will you be good enough to state your residence and profession?

Dr. RICHARDSON. My residence is Washington, D. C. My profession is that of a physician.

Mr. UNTERMYER. Do you specialize in any capacity?

Dr. RICHARDSON. I do; in the throat and ear.

Mr. UNTERMYER. How long have you been a practicing physician?

Dr. RICHARDSON. Twenty-seven years.

Mr. UNTERMYER. How long have you been specializing in the treatment of the throat and ear?

Dr. RICHARDSON. About 25 or 26 years.

Mr. UNTERMYER. Are you connected with any hospitals?

Dr. RICHARDSON. I am. I am consulting physician of Providence Hospital; I am attending physician to the Episcopal Throat and Ear Hospital; I am attending physician to the Children's Hospital; all these in the throat department; and I am the clinical professor of throat and ear diseases in the George Washington University Hospital.

Mr. UNTERMYER. Of what institutions of learning are you a graduate?

Dr. RICHARDSON. I am a graduate of the old Columbian University, now George Washington University; also of the University of Pennsylvania.

Mr. UNTERMYER. Of the medical department of the university?

Dr. RICHARDSON. Yes; of the medical department of the University of Pennsylvania.

Mr. UNTERMYER. Did you, at the request of the chairman, make an examination of the physical condition of Mr. William Rockefeller?

Dr. RICHARDSON. I did.

Mr. UNTERMYER. When did you make that examination?

Dr. RICHARDSON. I made that examination Sunday morning past.
Mr. UNTERMYER. The 12th of January?
Dr. RICHARDSON. The 12th of January.
Mr. UNTERMYER. And where?
Dr. RICHARDSON. At Miami, Fla.
Mr. UNTERMYER. Did Mr. Rockefeller come from Nassau for the purpose of undergoing that examination?
Dr. RICHARDSON. Solely for that purpose.
Mr. UNTERMYER. Did he have a physician in attendance with him?
Dr. RICHARDSON. He did not have a physician in attendance with him, but a physician of his met him at Miami.
Mr. UNTERMYER. His family physician met him?
Dr. RICHARDSON. His throat and ear physician.
Mr. UNTERMYER. Who is that?
Dr. RICHARDSON. Dr. William F. Chappell, of New York.
Mr. UNTERMYER. I wish you would be kind enough to tell the committee the nature and extent of your examination, and whether or not any other physician was in attendance when you made it; also the results of that examination, in so far as you feel at liberty to state.
Dr. RICHARDSON. Mr. William Rockefeller came to Miami at 12 o'clock on Sunday, January 12. He came immediately to the hotel, and Dr. Chappell made all arrangements for the examination. They acquiesced in every way to make this easy. The examination was made entirely alone.
Mr. UNTERMYER. You mean there was no physician in attendance when you examined Mr. Rockefeller?
Dr. RICHARDSON. Absolutely no one; Mr. Rockefeller and I being in the room entirely alone, and without observation or audition of anyone else. The examination was as thorough as it could be made.
Mr. UNTERMYER. How long did it occupy?
Dr. RICHARDSON. About one hour. A previous history of the case had been outlined to me by Dr. Chappell.
Mr. UNTERMYER. Did you also have with you the affidavits that were presented to the committee by Dr. Chappell and Dr. Lambert?
Dr. RICHARDSON. I did.
Mr. UNTERMYER. Is Dr. Lambert an eminent man?
Dr. RICHARDSON. He is.
Mr. UNTERMYER. Of nation-wide reputation?
Dr. RICHARDSON. I think so.
Speaking of the affidavit to which you have just referred—and that might be a point to lead up to the examination—it does not exactly fit in with the character of the case.
Mr. UNTERMYER. To whose affidavit do you refer?
Dr. RICHARDSON. Dr. Chappell's. It is more serious than he indicates by words. A medical man can see that there is something further in the case than is evident in the affidavit.
Mr. UNTERMYER. Does that apply also to Dr. Lambert's affidavit?
Dr. RICHARDSON. No; I think his is exact.
Mr. UNTERMYER. You think he frankly states, in medical terms, what the trouble is?
Dr. RICHARDSON. Yes, sir.

This condition dates back to 1905, when the first disturbance was noted.

Mr. UNTERMYER. What disturbance?

Dr. RICHARDSON In his vocal region. At that time a very serious operation was performed; a very serious operation, one of as great magnitude as is usually done.

Mr. UNTERMYER. Was a part of the throat cut away?

Dr. RICHARDSON. Yes. I may state that the right vocal cord is entirely gone, there being simply a scarlike small band indicating where it was. The anterior portion of the right band is gone. That is plainly evident in the examination. I will state that the other examinations, other than these, showed that his pulse was 100, and his blood pressure 162.

Mr. UNTERMYER. Is that abnormal?

Dr. RICHARDSON. Not for a man of 72 years of age. It is a little elevated. He had a bad night coming over. The examination was made almost immediately after he arrived, and I think the excitement accounted for the elevation of his pulse a little above normal.

In order to get a graphic test—this is getting away from his throat, now—in order to get a graphic test, I requested him to write. I was standing behind him, and he not knowing that I was timing him. He wrote continuously with a great deal of effort, however. This condition which he has is what is commonly known as shaking palsy, his hand constantly moving and his head gyrating at the same time. It took him two and a half minutes, Mr. Chairman, to write these few words [handing paper to the chairman].

Mr. UNTERMYER. How many words?

Dr. RICHARDSON. Eleven words.

Mr. UNTERMYER. Is there anything further you want to say?

Dr. RICHARDSON. Do you wish my conclusion?

Mr. UNTERMYER. Yes, if you please, your conclusion as to whether it would be safe to insist upon his testifying, either here or elsewhere.

Dr. RICHARDSON. The physician fears that if he is brought before a committee that he may have development of edema or swelling in his larynx which will obstruct his breathing, or he might have a hemorrhage.

Mr. UNTERMYER. Are those possible results?

Dr. RICHARDSON. They are probable results. Along that line I wish to state my conclusions. In conclusion I would state that Mr. Rockefeller has two very serious and progressive chronic conditions, both of which impair his efficiency as a witness. The affection of his larynx has reduced his voice to a whisper, which can only be heard with clearness for 20 feet. Through effort, nervousness, or prolonged use its carrying quality, in all probability, would be greatly impaired. The nervous affection is of such a character as to make it impracticable to carry on an examination through the medium of writing. I believe that a short examination could be carried on through the use of the voice without imminent danger to the life of the patient, although it might be very tiring, and attended with considerable exhaustion. A prolonged examination, enduring over a morning and afternoon session of the committee, with its nervous tension, would be apt to lessen the carrying quality of the voice, so that it would become practically extinct, that is, so that you could not hear the voice within a few feet of him. In other words the left

vocal cord, which is practically doing all the function, and only two-thirds of it being muscular tissue, would gradually become so weakened that it could not keep up its work.

Mr. UNTERMYER. Has the left cord been affected too?

Dr. RICHARDSON. The anterior portion, which has been taken away; it was taken away for safety, you know.

Mr. UNTERMYER. Part of the left cord was also taken away, and all of the right?

Dr. RICHARDSON. Yes.

Mr. UNTERMYER. How many operations has he undergone?

Dr. RICHARDSON. He has undergone what we call three endo laryngeal operations, being made through the mouth, and then this one extensive external operation. A prolonged examination is apt to tax greatly his nervous condition and give rise to great irritation of his larynx, and is very likely to be detrimental in a remote way to his physical being.

Mr. UNTERMYER. What do you mean by being detrimental in a remote way? Would it be likely or probable to cause serious harm?

Dr. RICHARDSON. That is a question which no man can answer. Of course if he has tissues or cells in there which by continuous vibration over a long time, and under nervous tension, would be stimulated into activity, that would be a remote possibility. That is what I mean.

Mr. UNTERMYER. That does not accord with Dr. Lambert's view, does it?

Dr. RICHARDSON. I mean in his larynx. Dr. Lambert does not refer to his larynx.

Mr. UNTERMYER. Have you the affidavits there?

Dr. RICHARDSON. Yes. He just says he has seen him and agrees with Dr. Chappell.

Mr. UNTERMYER. I call your attention to the last paragraph of Dr. Lambert's affidavit, as follows:

> In the present highly sensitive and critical condition of his throat, any effort or strain or excitement might produce a condition that would not only imperil Mr. Rockefeller's life, but might even reasonably be expected to cause his sudden death.

Dr. RICHARDSON. I knew that was in there, but I did not know which one referred to it. No, I do not think it would be attended with any imminent danger of that type.

Mr. UNTERMYER. You do not think it might be reasonably expected to cause his sudden death?

Dr. RICHARDSON. No; not any more than it would any other man of 72 years of age under similar nervous strain.

Mr. UNTERMYER. Is his condition of palsy very much advanced?

Dr. RICHARDSON. Very.

Mr. UNTERMYER. And you think writing answers to the questions quite out of the question?

Dr. RICHARDSON. I think that is practically impossible. The longer he writes the more difficult it would be for him to write.

Mr. UNTERMYER. You do not think he could undergo an hour's examination in the way of written answers to questions?

Dr. RICHARDSON. I hardly think so. And I think it would be awfully tiresome to everyone else that witnessed it.

Mr. UNTERMYER. You mean he writes very painfully and slowly.

Dr. RICHARDSON. Very slowly; and there would be gyrations of his head, which would be evident that he was under difficulty.

Mr. UNTERMYER. You say he can not speak above a whisper?

Dr. RICHARDSON. No.

Mr. UNTERMYER. The committee wants your advice, Dr. Richardson, and is relying upon your advice as to whether, under all the circumstances, as you observed them, it would be a proper and humane thing to examine Mr. Rockefeller, either here or elsewhere?

Dr. RICHARDSON. May I put it in my own way?

Mr. UNTERMYER. If you please.

Dr. RICHARDSON. I think if it was of very great practical importance to obtain the testimony of this witness, that without endangering his life, he could be subjected to a short examination.

Mr. UNTERMYER. How long an examination do you suppose he could stand the strain of?

Dr. RICHARDSON. For an hour.

Mr. UNTERMYER. Not beyond that?

Dr. RICHARDSON. Not beyond that; an hour or two.

Mr. UNTERMYER. An examination, in order to be effective, that might require memory, and that might endure over three or four hours, even if separated; is that within the range of possibility, without injury?

Dr. RICHARDSON. I think it is, certainly without immediate injury.

Mr. UNTERMYER. Well, without eventual injury?

Dr. RICHARDSON. That is a difficult question to answer, sir.

Mr. UNTERMYER. Would you advise the committee that it ought to take the risk? Have you heard the question?

Dr. RICHARDSON. I have, and I am trying to consider it from all points of view.

Mr. UNTERMYER. You understand the committee does not want to take any substantial risk of being responsible for serious consequences to a man.

Dr. RICHARDSON. As I stated, I think that if the testimony is of grave enough character——

Mr. UNTERMYER. What do you mean by that?

Dr. RICHARDSON. Of sufficient practical importance to this committee.

Mr. UNTERMYER. Well, what do you mean? We are not considering so much at the moment the importance of the testimony to the committee, as we are considering the effect of doing a thing that might prove unjustifiable and that might entail a grave responsibility upon the committee. We want you to take the responsibility, or to share it with us, at least.

Dr. RICHARDSON. Yes. I think, then, he could testify for a couple of hours.

Mr. UNTERMYER. Is there anything else you care to say bearing on this subject, Dr. Richardson?

Dr. RICHARDSON. I might say one thing, that if he were my patient, I would want to protect him, as these doctors have.

Mr. UNTERMYER. You mean that if he were your patient you would not want him to be examined?

Dr. RICHARDSON. If he was my patient I would want to protect him, of course I would.

Mr. UNTERMYER. Protect him against what?

Dr. RICHARDSON. Against any irritation of his throat.

Mr. UNTERMYER. If he were your patient, then, you would not permit him to be examined; is that what you mean?

Mr. RICHARDSON. If I could legitimately protect him from being examined I would do so.

Mr. UNTERMYER. And you would consider you were performing your duty as a citizen as well as a physician in taking that attitude?

Dr. RICHARDSON. No; I am taking the attitude of my duty as a physician to my patient.

Mr. UNTERMYER. Of course. Would not that apply to any witness who did not want to be examined?

Dr. RICHARDSON. I said that is legitimate.

Mr. UNTERMYER. You mean you feel you would be doing a perfectly legitimate act?

Dr. RICHARDSON. Yes.

Mr. UNTERMYER. As his physician, in preventing him from being examined?

Dr. RICHARDSON. Not in preventing him; I mean in protecting him from the possibility of examination all I could.

The CHAIRMAN. Or advising against it?

Dr. RICHARDSON. Yes; advising against it.

Mr. UNTERMYER. Not being his physician, but being employed by the Government to give the committee a perfectly impartial judgment, do you take that same position?

Dr. RICHARDSON. No, sir. I have given my opinion on that.

Mr. UNTERMYER. Is that all, Doctor?

Dr. RICHARDSON. That is all.

Mr. UNTERMYER. Thank you.

The CHAIRMAN. We will dispose of this matter after the recess this afternoon.

TESTIMONY OF ALBERT C. BURRAGE.

The witness was sworn by the chairman.

Mr. UNTERMYER. Will you be good enough to state your residence and profession?

Mr. BURRAGE. My home is Boston, Mass. By profession, I am a lawyer.

Mr. UNTERMYER. Are you engaged in the practice of law?

Mr. BURRAGE. I have not been for a long time.

Mr. UNTERMYER. How long is it since you have been engaged in practice as a lawyer?

Mr. BURRAGE. Not since 1896.

Mr. UTERMYER. What is your present occupation, if you have any?

Mr. BURRAGE. I have none. I look after my own affairs.

Mr. UNTERMYER. Are you connected with the copper industry?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Are you a director in the Amalgamated Copper Co.?

Mr. BURRAGE. I am.

Mr. UNTERMYER. How long have you been a director in the Amalgamated Copper Co.?

Mr. BURRAGE. Since 1899.

Mr. UNTERMYER. Was that the date of its organization?

Mr. BURRAGE. Yes, sir.
Mr. UNTERMYER. Were you one of its organizers?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. I do not mean to ask whether you were one of the people named in the certificate of organization, but were you one of the principals concerned in its organization?
Mr. BURRAGE. Then I was.
Mr. UNTERMYER. Who were your partners, or associates, in that enterprise?
Mr. BURRAGE. The first permanent board of directors was Mr. H. H. Rogers, Mr. William Rockefeller, Mr. Robert Bacon, Mr. James Stillman——
Mr. UNTERMYER. Mr. Robert Bacon was then a member of the firm of Morgan & Co., was he?
Mr. BURRAGE. Yes, sir; and ex-Gov. R. P. Flower, F. P. Olcott, Mr. Marcus Daly, and myself.
Mr. UNTERMYER. Did those gentlemen constitute the first board of directors?
Mr. BURRAGE. The first regular or permanent board, yes. There were some temporary organizers.
Mr. UNTERMYER. There was a sort of a dummy board first, was there?
Mr. BURRAGE. Yes.
Mr. UNTERMYER. And you and your associates turned over the property to that temporary board?
Mr. BURRAGE. No, sir; we did not have the property.
Mr. UNTERMYER. You had it under contract?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. Did you have the shares of stock representing the property?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. And no contract for that?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. Who had them?
Mr. BURRAGE. I do not know. I do not recall by whom the original properties were turned over to the Amalgamated.
Mr. UNTERMYER. What were the original properties?
Mr. BURRAGE. I can not recall them exactly. I can remember them in substance.
Mr. UNTERMYER. Please state them in substance.
Mr. BURRAGE. The Anaconda Copper Mining Co., or shares in it, rather.
Mr. UNTERMYER. Was that a half interest?
Mr. BURRAGE. I do not recall the number of shares.
Mr. UNTERMYER. Was it a substantial control?
Mr. BURRAGE. I think so; yes, sir. I know it was more than half. The Washo Co.; I do not recall the exact title, and the Parrot Co.
Mr. UNTERMYER. It was the Washo Copper Co., was it not?
Mr. BURRAGE. Yes, sir.
Mr. UNTERMYER. And the Parrot Silver & Copper Co.?
Mr. BURRAGE. Yes; and there was a lumber company.
Mr. UNTERMYER. Was that the Big Black Foot Milling Co.?
Mr. BURRAGE. I think so; and some coal companies.
Mr. UNTERMYER. The Diamond Coal & Coke Co.?

Mr. BURRAGE. I think there was more than one. That was one.
Mr. UNTERMYER. Was the other the Hennessy Mercantile Co.?
Mr. BURRAGE. That was not a coal company, but I think that was included.
Mr. UNTERMYER. You say that you and your associates did not turn these properties over to the company; is that right?
Mr. BURRAGE. Yes, sir.
Mr. UNTERMYER. To whom did you turn them over?
Mr. BURRAGE. I never had them.
Mr. UNTERMYER. I did not ask whether you had them, I asked whether you and your associates——
Mr. BURRAGE. The question refers to me and my associates?
Mr. UNTERMYER. Yes. You say you had never acquired them?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. And you had no contract for them?
Mr. BURRAGE. I did not; no, sir.
Mr. UNTERMYER. Or your associates?
Mr. BURRAGE. I do not know. Some one must have had them to turn them over to the company.
Mr. UNTERMYER. Did you not negotiate, in connection with Mr. Rogers, for these properties?
Mr. BURRAGE. I examined the properties, and saw some of the individuals. The final trade, however, was made by Mr. Rogers.
Mr. UNTERMYER. Did you not assist in the contract for the acquisition of those properties?
Mr. BURRAGE. I do not know that there were any contracts.
Mr. UNTERMYER. Do you know whether or not you did assist in preparing the contracts for the acquisition of those properties or shares of stock?
Mr. BURRAGE. To answer your question specifically, I do not; because I do not know of any contracts.
Mr. UNTERMYER. Do you know what the properties cost?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. Were you not interested in the purchase?
Mr. BURRAGE. Very much so.
Mr. UNTERMYER. And Mr. Rogers was also interested?
Mr. BURRAGE. Yes sir.
Mr. UNTERMYER. And Mr. Rockefeller?
Mr. BURRAGE. Was what?
Mr. UNTERMYER. Was also interested in the purchase, as vendors?
Mr. BURRAGE. Yes sir. I do not know that they were as vendors.
Mr. UNTERMYER. Were you not, and were not your associates, interested in the properties as vendors to the new company—the Amalgamated Company?
Mr. BURRAGE. No sir.
Mr. UNTERMYER. Did you not get a large profit out of it?
Mr. BURRAGE. Profit came ultimately out of the transaction; yes sir.
Mr. UNTERMYER. Did not you and your associates get a profit of $39,000,000 out of it?
Mr. BURRAGE. Not that I know of.
Mr. UNTERMYER. What was the profit?
Mr. BURRAGE. I do not know.
Mr. UNTERMYER. What was your proportion of it?

Mr. BURRAGE. I do not know. I do not recall.
Mr. UNTERMYER. What percentage of it?
Mr. BURRAGE. I do not know that it was any percentage.
Mr. UNTERMYER. Did you get 20 per cent?
Mr. BURRAGE. Not that I know of. I do not recall.
Mr. UNTERMYER. Do you mean to tell us that you can not say, approximately?
Mr. BURRAGE. Yes, sir.
Mr. UNTERMYER. Do you mean to say that you can not tell us, approximately, how large a profit you realized out of that transaction?
Mr. BURRAGE. Yes, sir; because it was mixed up with other things.
Mr. UNTERMYER. What was the magnitude of the transaction?
Mr. BURRAGE. The original capitalization of the Amalgamated Company was $75,000,000.
Mr. UNTERMYER. What did those properties cost the people who turned them over?
Mr. BURRAGE. I do not recall.
Mr. UNTERMYER. Was it $36,000,000?
Mr. BURRAGE. I should think it was much more than that.
Mr. UNTERMYER. Do you know whether it was more?
Mr. BURRAGE. I do not know the exact cost.
Mr. UNTERMYER. Can you tell us how much the cost was, approximately?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. Not with any degree of accuracy?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. Have you any books?
Mr. BURRAGE. I have not.
Mr. UNTERMYER. You can not tell us whether you had a 25 per cent interest in that purchase, or a 20 per cent interest?
Mr. BURRAGE. I can not.
Mr. UNTERMYER. Was Mr. Lawson also interested in it?
Mr. BURRAGE. That I do not know. I know that he ultimately got some profit.
Mr. UNTERMYER. Did he get $6,000,000 out of it?
Mr. BURRAGE. Not that I know of.
Mr. UNTERMYER. Do you know how much he did get?
Mr. BURRAGE. I do not.
Mr. UNTERMYER. Did you get $11,000,000 profits out of it?
Mr. BURRAGE. I did not.
Mr. UNTERMYER. How much did you get?
Mr. BURRAGE. I do not recall.
Mr. UNTERMYER. Did you get $6,000,000?
Mr. BURRAGE. Not that I know of.
Mr. UNTERMYER. Do you know whether you did or not?
Mr. BURRAGE. I should say I did not.
Mr. UNTERMYER. Should you say you got $5,000,000?
Mr. BURRAGE. It is utterly impossible for me to tell.
Mr. UNTERMYER. Did you get anything?
Mr. BURRAGE. It is utterly impossible for me to tell the amount that I received at that time, for the reason that I have already given you.
Mr. UNTERMYER. Did you get anything?

Mr. BURRAGE. Undoubtedly.
Mr. UNTERMYER. But how many million dollars you did get you can not tell us?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. You can not enlighten the committee to any extent on that subject?
Mr. BURRAGE. Not that I know of.
Mr. UNTERMYER. What is that?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. Do you know how much Mr. Rogers and Mr. Rockefeller realized out of that transaction by which these properties were turned over to the Amalgamated?
Mr. BURRAGE. I have not the slightest idea.
Mr. UNTERMYER. It was a joint transaction, was it not?
Mr. BURRAGE. I do not know that it was, in the sense——
Mr. UNTERMYER. Did not your profits depend on the general profit?
Mr. BURRAGE. I had no accounts.
Mr. UNTERMYER. Who kept the accounts?
Mr. BURRAGE. There must have been someone at 26 Broadway.
Mr. UNTERMYER. Who kept the accounts?
Mr. BURRAGE. I do not know.
Mr. UNTERMYER. Did not William Rockefeller keep them?
Mr. BURRAGE. Probably.
Mr. UNTERMYER. Do you not know that he did?
Mr. BURRAGE. I do not. My transactions were almost wholly with Mr. Rogers.
Mr. UNTERMYER. With Mr. Henry H. Rogers?
Mr. BURRAGE. Yes.
Mr. UNTERMYER. Did he keep the accounts?
Mr. BURRAGE. I do not know.
Mr. UNTERMYER. From whom did your check come?
Mr. BURRAGE. I do not know that I ever got any check.
Mr. UNTERMYER. Did you get it all in bills?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. How was it paid to you?
Mr. BURRAGE. Whatever came to me ultimately came in shares.
Mr. UNTERMYER. In shares of the new company?
Mr. BURRAGE. No; there were other companies and other transactions concerned with it.
Mr. UNTERMYER. Who gave you those shares?
Mr. BURRAGE. It came either through Mr. Rockefeller or Mr. Rogers.
Mr. UNTERMYER. Who handed them to you?
Mr. BURRAGE. I do not know.
Mr. UNTERMYER. Was there any account kept?
Mr. BURRAGE. No. I never had any account.
Mr. UNTERMYER. Did you get any statement of the account?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. Did you ask for any?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. Did you examine any?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. Did your profits depend upon the cost of the properties?

Mr. BURRAGE. They must have.

Mr. UNTERMYER. And that involved the purchase of shares of various companies, did it?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. And do you mean to say that you asked no account and saw no account?

Mr. BURRAGE. Yes, sir. I mean to say that.

Mr. UNTERMYER. You just took what they gave you?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. What was the arrangement under which you went into the transaction, as to your participation in the profits?

Mr. BURRAGE. There was no arrangement. There was no contract.

Mr. UNTERMYER. How many years did you spend in this venture?

Mr. BURRAGE. Prior to the organization of the Amalgamated?

Mr. UNTERMYER. Yes.

Mr. BURRAGE. From about June, 1898.

Mr. UNTERMYER. Until when?

Mr. BURRAGE. Until the organization of the Amalgamated in the spring of 1899.

Mr. UNTERMYER. And thereafter how many years did you spend in it?

Mr. BURRAGE. I am still a director of the Amalgamated.

Mr. UNTERMYER. Apart from being a director, how many years did you spend in the completion of the purchases that went into Amalgamated?

Mr. BURRAGE. I do not know. I ceased to be active in it very shortly after it was organized.

Mr. UNTERMYER. You mean shortly after 1899?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. At the time of the organization of Amalgamated did you get Butte & Boston and Montana stock also as a part of your profit?

Mr. BURRAGE. At the time of the organization of Amalgamated?

Mr. UNTERMYER. Yes.

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. What did you get? Nothing but Amalgamated stock?

Mr. BURRAGE. I do not recall. I know that I got no Butte and Boston or Boston and Montana.

Mr. UNTERMYER. But your entire profit was paid to you in securities, was it?

Mr. BURRAGE. I think there were some other transactions that came in where there were losses, that were deducted.

Mr. UNTERMYER. The outcome of it was a profit, was it not?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMEYER. And your profit was paid to you in what form?

Mr. BURRAGE. In the ultimate settlement of the accounts there may have been some money, but I do not recall. Probably only shares.

Mr. UNTERMYER. Probably only shares?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. And you can not give the committee any satisfaction as to the amount of money that was made on that flotation of the Amalgamated Copper Co. in 1899?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Will you say that it was not over $30,000,000 out of the $75,000,000?

Mr. BURRAGE. I can not state it.

Mr. UNTERMYER. Will you say what your percentage of the profit was?

Mr. BURRAGE. I have already testified that I do not know that I had any percentage. I do not think I did.

Mr. UNTERMYER. There was no arrangement, then, was there, at any time, with Mr. Rogers and Mr. Rockefeller, or any of those who participated, whereby you were to share to a given percentage or amount in this profit?

Mr. BURRAGE. There certainly was not.

Mr. UNTERMYER. I will ask this question again: Whether, as a matter of fact, you did not get considerably upward of $5,000,000 out of the transaction?

Mr. BURRAGE. I should say not, Mr. Untermyer.

Mr. UNTERMYER. Will you say that you did not?

Mr. BURRAGE. No; I will not.

Mr. UNTERMYER. And there is no record, and there is no place from which we can find what the profit on that transaction was?

Mr. BURRAGE. I know of no record. I was not in active business, and kept no books myself.

Mr. UNTERMYER. This was pretty active business, was it not?

Mr. BURRAGE. Very much so.

Mr. UNTERMYER. And it was a very big transaction, was it not?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. It was the biggest in which you had ever engaged, was it not?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. And it was the most important thing that had ever occurred to you?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. And yet you can not tell the committee the number of millions of dollars you made out of it?

Mr. BURRAGE. That is correct.

Mr. UNTERMYER. Or give us any information on the subject? Is that right?

Mr. BURRAGE. That is correct.

Mr. UNTERMYER. Nor can you tell us where we can find any books of account or other records which would enlighten the committee, can you?

Mr. BURRAGE. I know of none. I do not know what records were kept by Mr. Rogers and Mr. Rockefeller.

Mr. UNTERMYER. You never saw any?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. At no time?

Mr. BURRAGE. I never saw any.

Mr. UNTERMYER. Did you ever ask for any?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Who handed you these securities that represented your profit in this large transaction?

Mr. BURRAGE. As I have already said, either Mr. Rogers or Mr. Rockefeller, or some one in one of their offices.

Mr. UNTERMYER. Do you mean to tell us that you can not say from whom you received these securities?

Mr. BURRAGE. Yes, sir. My business was primarily with Mr. H. H. Rogers.

Mr. UNTERMYER. Can you tell us from whose hands you received this profit?

Mr. BURRAGE. I can not.

Mr. UNTERMYER. Or as to whether it was accompanied by any statement showing how the profit was made up?

Mr. BURRAGE. It was not accompanied by any statement, so far as I can recall. I have no recollection of ever having received any statement or any account bearing upon the matter.

Mr. UNTERMYER. Nor have you any recollection of having seen anything?

Mr. BURRAGE. I have just said that I have no recollection of having seen any.

Mr. UNTERMYER. Following the flotation of Amalgamated Copper in 1889, there were other purchases of securities of copper mines put into the Amalgamated, were there not?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Was there a public issue of Amalgamated Copper made?

Mr. BURRAGE. A what?

Mr. UNTERMYER. A public issue of the stock of the Amalgamated Copper made.

Mr. BURRAGE. I do not know what you refer to.

Mr. UNTERMYER. Do you know what a public issue is? I mean was the public invited to subscribe to this $75,000,000 of stock?

Mr. BURRAGE. I think so.

Mr. UNTERMYER. By public advertisement?

Mr. BURRAGE. I think so.

Mr. UNTERMYER. Did you take part in the preparation of that advertisement?

Mr. BURRAGE. I do not recall that I did. I may have.

Mr. UNTERMYER. Did you prepare the advertisement?

Mr. BURRAGE. Not that I recall.

Mr. UNTERMYER. Do you know whether you did or not?

Mr. BURRAGE. No, sir; I do not at this time.

Mr. UNTERMYER. By whom was it signed?

Mr. BURRAGE. I do not recollect sufficiently to know.

Mr. UNTERMYER. Was it signed by Messrs. Rogers and Rockefeller and James Stillman?

Mr. BURRAGE. I do not know; perhaps you can refresh my recollection. I have no memory of it.

Mr. UNTERMYER. Has this entire transaction sort of gone out of your mind?

Mr. BURRAGE. Very largely, sir. It is 14 years ago.

Mr. UNTERMYER. You have been subpœnaed here to produce certain papers, have you not?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Have you the subpœna with you?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Will you let me have it, please. [Witness hands paper to counsel.] Have you brought any papers with you?

Mr. BURRAGE. No, sir.
Mr. UNTERMYER. Have you any papers?
Mr. BURRAGE. As called for, no sir.
Mr. UNTERMYER. Have you any papers bearing on the transaction?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. None whatever?
Mr. BURRAGE. None whatever.
Mr. UNTERMYER. Of any kind?
Mr. BURRAGE. Of any kind.
Mr. UNTERMYER. Why did you say "As called for"?
Mr. BURRAGE. Because I have some papers in my pocket that do not refer to this matter.
Mr. UNTERMYER. You mean papers about some other business, do you?
Mr. BURRAGE. Yes, sir.
Mr. UNTERMYER. Among the papers that are called for in the subpœna are the following:

All agreements or copies thereof, whether contained in formal documents or in correspondence, showing your interest in the securities or profits incident to the organization of the Amalgamated Copper Co. in or about 1898 or 1899, and all such papers as show your interest in any of the constituent properties that were transferred, or the securities of which were transferred to the Amalgamated Copper Co. at or about the time of its organization.

I understand you to say you have no such papers?
Mr. BURRAGE. There were no agreements that I ever knew of.
Mr. UNTERMYER. You see this refers to formal documents or correspondence?
Mr. BURRAGE. Yes, sir. There were no correspondence or formal documents that I know of.
Mr. UNTERMYER. Was this transaction, then, involving $75,000,000 and involving, as you say, a large number of different properties and shares in properties, all consummated without the scratch of a pen?
Mr. BURRAGE. So far as I was concerned, absolutely so, Mr. Untermyer. I examined the property and saw the people, and the transaction was finally completed in New York, and not by any agreement or contract to which I was a party, or that I know of.
Mr. UNTERMYER. Were you not present when the transaction was completed by the payment of the money to the original vendors?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. Where was it done?
Mr. BURRAGE. I do not know.
Mr. UNTERMYER. Were you present when the money was paid to any of them?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. Were you acting as counsel in this transaction?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. In what capacity were you acting?
Mr. BURRAGE. As an associate of Mr. Rogers. It was very largely a matter of Mr. Rogers and myself, with those that he——
Mr. UNTERMYER. Associated in the copper business?
Mr. BURRAGE. No, there was no copper business.
Mr. UNTERMYER. Was not this a copper business?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. You were merely acting as an associate with Mr. Rogers in this copper business?

Mr. BURRAGE. Yes, sir.
Mr. UNTERMYER. Had you ever been in the copper business before?
Mr. BURRAGE. I had an interest in a company in Lake Superior for a year or two before that.
Mr. UNTERMYER. With Mr. Rogers?
Mr. BURRAGE. No.
Mr. UNTERMYER. Had you ever been in the copper business?
Mr. BURRAGE. No. He was associated with me in that.
Mr. UNTERMYER. That was a small interest, was it?
Mr. BURRAGE. Compared to this, it was a small matter.
Mr. UNTERMYER. But other than that, you had never been in the copper business?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. You had been a lawyer?
Mr. BURRAGE. Yes.
Mr. UNTERMYER. Did you contribute any capital to this enterprise of the Amalgamated?
Mr. BURRAGE. Whatever went into my account——
Mr. UNTERMYER. Did you contribute any capital?
Mr. BURRAGE. Undoubtedly.
Mr. UNTERMYER. You put up money, did you?
Mr. BURRAGE. I had accounts with Mr. Rogers, and whatever I had there went into it.
Mr. UNTERMYER. You put up money, did you?
Mr. BURRAGE. In that way, yes.
Mr. UNTERMYER. You mean you had a credit there?
Mr. BURRAGE. Yes.
Mr. UNTERMYER. That is, he owed you money at the time, did he?
Mr. BURRAGE. No, sir. The accounts that we had together had a considerable amount in them, and whatever there was in them was carried into the new matter.
Mr. UNTERMYER. Then you had a credit with him at the time of this transaction, did you?
Mr. BURRAGE. With him or through him; yes, sir.
Mr. UNTERMYER. Through him with whom?
Mr. BURRAGE. Mr. William Rockefeller.
Mr. UNTERMYER. Then you had a credit with Mr. William Rockefeller, had you, at that time?
Mr. BURRAGE. I think that is a fair statement of it, yes; one or the other.
Mr. UNTERMYER. Well, is that the fact?
Mr. BURRAGE. Yes, sir.
Mr. UNTERMYER. And do you know how much Mr. Rogers and Mr. Rockefeller contributed to this enterprise?
Mr. BURRAGE. I have not the slightest idea.
Mr. UNTERMYER. Do you know what proportion of the profits he and Mr. Rockefeller took out of this?
Mr. BURRAGE. I do not.
Mr. UNTERMYER. You do not know how they were divided?
Mr. BURRAGE. No.
Mr. UNTERMYER. Just look at this [indicating papers]. Is this the offer for public subscription, taking those two papers together?
Mr. BURRAGE. Yes, sir; I think so.

Mr. UNTERMYER. Did you prepare that?

Mr. BURRAGE. I can not tell now. I might have.

Mr. UNTERMYER. You do not remember, do you?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. I will read it into the record. One of these is from the Philadelphia Record, another from the Providence Journal, another from the Chicago Record-Herald, another from the Daily Inter Ocean of Chicago, another from the Daily Evening Telegraph of Philadelphia, the Philadelphia Inquirer, Detroit Journal, Baltimore Herald, Chicago Record, Rochester Spy, the Baltimore News, Portland Press, Chicago News, Philadelphia Record, Detroit Free Press, Baltimore American, Springfield Union, Evening Bulletin of Providence, the Hartford Daily Review, and so on; and the New York papers and other papers, all similar.

Amalgamated Copper Co. Capital, $75,000,000.

This company is organized under the laws of the State of New Jersey for the purpose of purchasing and operating copper-producing properties. Its capital is $75,000,000, divided into 750,000 shares of common stock of a par value of $100 each. It has no bonds or mortgage debts. This company has already purchased large interests in Anaconda Copper Co., Parrot Silver & Copper Co., Washoe Copper Co., Colorado Smelting and Mining Co., and other companies and properties.

(Signed) MARCUS DALY, *President.*
H. H. ROGERS, *Vice President.*
WILLIAM G. ROCKEFELLER, *Secretary and Treasurer.*

NEW YORK, *April 28, 1899.*

OFFER FOR PUBLIC SUBSCRIPTIONS.

Referring to the foregoing statement of the Amalgamated Copper Co., of New Jersey, notice is hereby given that offers for subscriptions to 750,000 shares of a par value of $100 each of the stock of the said copper company will be received at the National City Bank of New York until 12 o'clock noon, Thursday, May 4, 1899, at the rate of $100 per share. Subscriptions must be addressed to the City Bank of New York, and accompanied by a certified check to its order for 5 per cent of the amount of such subscription, the balance to be payable 10 days after notice of allotment.

Temporary and negotiable receipts on payment of sums due on allotment will be issued, exchangeable for certificates of stock as soon as same can be engraved.

In case of over subscription, allotment will be made pro rata. The right is reserved however, to reject any subscription.

New York, April 28, 1899.

NATIONAL CITY BANK OF NEW YORK,
52 Wall Street, New York.
JAMES STILLMAN, *President.*

Was this offer of subscriptions published throughout the United States in the daily papers?

Mr. BURRAGE. I do not know how widely it was published; quite widely.

Mr. UNTERMYER. Did you not have anything to do with the publication of it?

Mr. BURRAGE. Not that I recall.

Mr. UNTERMYER. You did not know anything about it?

Mr. BURRAGE. I very likely did know about it, but I do not recall the circumstances.

Mr. UNTERMYER. Were you concerned in the selection of the papers which it was to be published?

Mr. BURRAGE. I do not think so.

Mr. UNTERMYER. Do you know whether you were or not?

Mr. BURRAGE. I should say not.

Mr. UNTERMEYER. Who gave out the list of newspapers scattered all over the country in which this subscription offer was to be advertised?

Mr. BURRAGE. I have not the slightest idea.

Mr. UNTERMYER. Did that notice contain the only information to intending subscribers as to what they were subscribing for?

Mr. BURRAGE. I should think so; I do not recall any other.

Mr. UNTERMYER. Sort of a blind pool, was it not?

Mr. BURRAGE. You can call it what you like. I do not know.

Mr. UNTERMYER. What would you call it?

Mr. BURRAGE. An offer for public subscription.

Mr. UNTERMYER. Would you call it an offer for public subscription in a property about which people were not informed as to its merits or what it consisted of?

Mr. BURRAGE. You might call it a blind pool.

Mr. UNTERMYER. Yes. It was fairly a blind pool, was it not?

Mr. BURRAGE. Oh, fairly so; yes.

Mr. UNTERMYER. And the public came in in shoals, did they not?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Did they not?

Mr. BURRAGE. What was your question?

Mr. UNTERMYER. I say the public came in in shoals.

Mr. BURRAGE. Yes; that is fair.

Mr. UNTERMYER. What was the attraction to the public? Was it the names of the men?

Mr. BURRAGE. Not necessarily that. It was——

Mr. UNTERMYER. What else did they have to go on except the names of the men?

Mr. BURRAGE. The state of the industry, and the possibilities of there being a large undertaking coming out of it.

Mr. UNTERMYER. What was there in the notice to advise the public of the state of the industry?

Mr. BURRAGE. Nothing in that notice.

Mr. UNTERMYER. Is it not the fact that it was the names of the men that attracted subscriptions, and the glamor surrounding their names?

Mr. BURRAGE. I think so; very largely.

Mr. UNTERMYER. Now, were you present when the subscriptions came in, in New York?

Mr. BURRAGE. I was in New York City; yes, sir.

Mr. UNTERMYER. Were you at 26 Broadway?

Mr. BURRAGE. Undoubtedly, a good deal of the time.

Mr. UNTERMYER. 26 Broadway is the home——

Mr. BURRAGE. It was the office of Mr. Rogers and Mr. Rockefeller; they were both there.

Mr. UNTERMYER. And it was the home of the Amalgamated at that time; that is, it was where all of its business was being done prior to the organization of the permanent board?

Mr. BURRAGE. It had no place, but that was the only place, practically, where anything connected with it was done; yes, sir.

Mr. UNTERMYER. Do you remember the occasion of the allotment of these subscriptions that came in?

Mr. BURRAGE. I do not know as I understand just what you refer to.

Mr. UNTERMYER. You know what an allotment of subscriptions is do you not?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Were you present when these subscriptions were received and opened and acted upon?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Do you know whether the insiders, including yourself, after the allotment had come in, themselves put subscriptions in?

Mr. BURRAGE. That I do not know. I know I did not.

Mr. UNTERMYER. You do not know how much in the way of subscriptions was put in by Mr. Rogers or Mr. Rockefeller?

Mr. BURRAGE. I do not.

Mr. UNTERMYER. You can tell us nothing about it?

Mr. BURRAGE. I never knew.

Mr. UNTERMYER. Did you know whether they put in subscriptions for something like $200,000,000 of this stock?

Mr. BURRAGE. Not that I know of.

Mr. UNTERMYER. Do you know whether they did or not?

Mr. BURRAGE. I certainly do not know.

Mr. UNTERMYER. Well, the stock was driven to a big premium, was it not?

Mr. BURRAGE. I do not know that it was driven to a premium, but it was immediately at a premium.

Mr. UNTERMYER. How big a premium?

Mr. BURRAGE. I should say $15 or $20.

Mr. UNTERMYER. That is, before the allotment was made, were the $100 shares selling at $120?

Mr. BURRAGE. Very shortly, I think $115 or $120. I do not recall the figures.

Mr. UNTERMYER. The public who subscribed got how much by way of an allotment on their subscriptions?

Mr. BURRAGE. I do not know.

Mr. UNTERMYER. It was 20 per cent, was it not?

Mr. BURRAGE. Now that you state it, I think so.

Mr. UNTERMYER. That was on the basis, was it not, of $375,000,000 having been, in fact, subscribed—that is, five times the amount?

Mr. BURRAGE. $75,000,000 would be 20 per cent of the $375,000,000.

Mr. UNTERMYER. Can you tell us how much of that $375,000,000 of subscriptions was put in among the subscriptions by the insiders?

Mr. BURRAGE. No, sir; I do not know.

Mr. UNTERMYER. Who had charge of the marketing end of Amalgamated at that time?

Mr. BURRAGE. Nobody that I know of.

Mr. UNTERMYER. Did not Mr. James R. Keene have charge of it?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Who did?

Mr. BURRAGE. Nobody that I know of.

Mr. UNTERMYER. Do you know whether anybody did or not?

Mr. BURRAGE. I should say absolutely not.

Mr. UNTERMYER. How do you know? I understood you did not know anything about that part of the business.

Mr. BURRAGE. I think I would have known, and I have no recollection of anybody having anything of the sort; in fact, I am very positive that there was nothing of the sort.

Mr. UNTERMYER. You know on a subsequent occasion Mr. Keene did take charge of the market?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. What year was that?

Mr. BURRAGE. Oh, a year or two later.

Mr. UNTERMYER. Was that incidental to the increase of the stock?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Who put him in charge of the market?

Mr. BURRAGE. I think I had as much to do with it as anybody; I had some interviews with him.

Mr. UNTERMYER. By whose direction?

Mr. BURRAGE. By my own direction, but with the approval of Mr. Rogers.

Mr. UNTERMYER. And Mr. Rockefeller?

Mr. BURRAGE. I do not know that I ever had any talk with Mr. Rockefeller in regard to it. I do not know that he knew of it at the time.

Mr. UNTERMYER. Can you fix the time when you put the market operations of Amalgamated in Mr. Keene's charge?

Mr. BURRAGE. I should say quite a year or so; perhaps two years.

Mr. UNTERMYER. That would be about the middle of 1900, would it not?

Mr. BURRAGE. Somewhere around there; yes, sir.

Mr. UNTERMYER. How long did Mr. Keene have charge of the market operations in Amalgamated?

Mr. BURRAGE. A few weeks.

Mr. UNTERMYER. That was a single operation, was it?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Thereafter, was he again put in charge of the operations?

Mr. BURRAGE. Not that I know of.

Mr. UNTERMYER. In 1901 was he put in charge?

Mr. BURRAGE. Not that I know of.

Mr. UNTERMYER. Do you know whether he was or not?

Mr. BURRAGE. I should say not.

Mr. UNTERMYER. Were you not interested in the 1901 operation?

Mr. BURRAGE. I do not know what operation you refer to.

Mr. UNTERMYER. Was there more than one in 1901?

Mr. BURRAGE. I do not know what you refer to.

Mr. UNTERMYER. I refer to the time when the capital was increased from $75,000,000 to $155,000,000 and the Butte and Boston mines and the Boston and Montana mines were taken into the company. Do you remember that?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. What year was that?

Mr. BURRAGE. I should say 1901.

Mr. UNTERMYER. What time in 1901, would you say?

Mr. BURRAGE. In the early part; in the winter.

Mr. UNTERMYER. And preceding that operation, had you and your associates been accumulating Butte and Boston and Boston and Montana stock?

Mr. BURRAGE. I had not; I do not know as to my associates.

Mr. UNTERMYER. Had stock been accumulated for your joint benefit and account?

Mr. BURRAGE. No, sir.
Mr. UNTERMYER. Did you have no interest in that operation?
Mr. BURRAGE. I was a director of Amalgamated, and as such, had an interest——
Mr. UNTERMYER. Oh, no——
Mr. BURRAGE. Won't you be kind enough to put your question more specifically, and then I will answer a little easier.
Mr. UNTERMYER. Well, I think you know, Mr. Burrage, what I mean. Did you have any Butte & Boston stock?
Mr. BURRAGE. Yes, sir; I had had it since 1898.
Mr. UNTERMYER. Did you have any? You had some in 1901, did you not?
Mr. BURRAGE. In the early part of 1901.
Mr. UNTERMYER. Yes. It went into the company, did it not?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. Never got into the company?
Mr. BURRAGE. I never sold a share of Butte & Boston, or had it transferred to the Amalgamated Co. in any way whatever.
Mr. UNTERMYER. To whom did you sell your stock?
Mr. BURRAGE. In the open market.
Mr. UNTERMYER. In 1901?
Mr. BURRAGE. In the very early part of 1901.
Mr. UNTERMYER. How about Boston & Montana?
Mr. BURRAGE. I did not have a share.
Mr. UNTERMYER. Now, then, the Butte & Boston, you had been accumulating, had you not?
Mr. BURRAGE. No, sir; I had had it from 1898.
Mr. UNTERMYER. Did Mr. Lawson and you have any joint interest in Butte & Boston stock?
Mr. BURRAGE. In 1901? No, sir.
Mr. UNTERMYER. No; at any time?
Mr. BURRAGE. In 1898 a large number of shares of Butte & Boston were bought by Mr. Rogers and divided up.
Mr. UNTERMYER. With Mr. Lawson?
Mr. BURRAGE. He had his own. I do not think they were divided with Mr. Lawson.
Mr. UNTERMYER. What was Mr. Lawson's connection with this Amalgamated transaction?
Mr. BURRAGE. He was very friendly to it, and wanted it organized, and wanted it for the special purpose of making a big corporation for the Butte district, which would ultimately take in the Butte & Boston.
Mr. UNTERMYER. The question is, what was his pecuniary interest?
Mr. BURRAGE. I do not know how to answer it, any more than I have.
Mr. UNTERMYER. While these stocks were being accumulated, that went into the first division of Amalgamated on the $75,000,000 issue, were there also Butte & Boston stocks being accumulated?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. Not during that time at all?
Mr. BURRAGE. Not that I recall.
Mr. UNTERMYER. You did not accumulate any during that time?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. I thought you said you accumulated Butte & Boston stocks in 1898?

Mr. BURRAGE. Yes, sir.
Mr. UNTERMYER. Was not that while these other stocks were being accumulated?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. Did you not say these stocks were being accumulated for about a year before the Amalgamated was formed?
Mr. BURRAGE. I did not.
Mr. UNTERMYER. How long before the Amalgamated was formed were they being accumulated?
Mr. BURRAGE. A very short time.
Mr. UNTERMYER. About how long?
Mr. BURRAGE. I think a few weeks.
Mr. UNTERMYER. A few weeks?
Mr. BURRAGE. Yes, sir; the Butte & Boston shares were accumulated immediately after my first visit to Butte, in June, 1898, and within a few weeks after that.
Mr. UNTERMYER. You mean the Butte & Boston?
Mr. BURRAGE. The Butte & Boston.
Mr. UNTERMYER. Did you make that visit alone?
Mr. BURRAGE. Yes, sir.
Mr. UNTERMYER. Was Mr. Rogers interested with you in that purchase?
Mr. BURRAGE. Of the Butte & Boston?
Mr. UNTERMYER. Yes.
Mr. BURRAGE. He bought the shares. I did not buy them.
Mr. UNTERMYER. He bought them for joint account?
Mr. BURRAGE. For an account which was afterwards distributed—no, there was no arrangement for a joint account.
Mr. UNTERMYER. What interest had you in the purchases of Butte & Boston that were made by you when you visited out there in 1898?
Mr. BURRAGE. I did not make any purchases of Butte & Boston. I examined at Mr. Roger's request and Mr. Lawson's request, sent to me by telegraph at San Francisco, the Butte & Boston property in Butte.
Mr. UNTERMYER. Were you a mining engineer?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. Had you had any previous experience in mining?
Mr. BURRAGE. Only such as I have related; a very slight one at Lake Superior.
Mr. UNTERMYER. Having a slight interest in a copper mine, what was it you examined out there at the request of Mr. Rogers and Mr. Lawson?
Mr. BURRAGE. After the Butte & Boston mine?
Mr. UNTERMYER. No, before the Butte & Boston?
Mr. BURRAGE. That was the first.
Mr. UNTERMYER. What did you examine?
Mr. BURRAGE. The physical property.
Mr. UNTREMEYER. Did you have an expert with you?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. You examined it yourself?
Mr. BURRAGE. I did.
Mr. UNTERMYER. Had you ever been in a copper mine before?
Mr. BURRAGE. Only the Lake Superior mine.
Mr. UNTERMYER. Had you been there?

Mr. BURRAGE. Yes, sir.
Mr. UNTERMYER. How often had you ever been in a copper mine?
Mr. BURRAGE. Only two or three times.
Mr. UNTERMYER. You mean down the shaft two or three times?
Mr. BURRAGE. Yes, sir. Two or three visits at Lake Superior.
Mr. UNTERMYER. So that with that experience you proceeded to examine this copper mine, did you?
Mr. BURRAGE. Yes, sir; not as an expert.
Mr. UNTERMYER. In what capacity did you proceed to examine it?
Mr. BURRAGE. To see whether I thought it was a good mine to justify a loan on Butte & Boston shares.
Mr. UNTERMYER. Did not that assume some knowledge of mining?
Mr. BURRAGE. It may have. It probably would to you.
Mr. UNTERMYER. Did it not to you?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. Having examined the property you reported favorably on it, did you?
Mr. BURRAGE. Partially.
Mr. UNTERMYER. Partially favorable?
Mr. BURRAGE. Not very.
Mr. UNTERMYER. How long did you take to make this examination?
Mr. BURRAGE. Several days.
Mr. UNTERMYER. Without any expert?
Mr. BURRAGE. Yes, sir.
Mr. UNTERMYER. Going down the different shafts?
Mr. BURRAGE. Going down different shafts, looking at the smelter, and studying the whole situation.
Mr. UNTERMYER. What do you mean by the situation?
Mr. BURRAGE. I mean to say that I saw there that the hill at Butte consisted of a large deposit of copper, many veins, many mines, and that there was a great opportunity for amalgamating those properties into one large concern.
Mr. UNTERMYER. Then your purpose in visiting Butte in 1898, when you bought these Butte & Boston shares for the account of Mr. Rogers and Mr. Lawson and yourself was to take in a comprehensive scheme for all those copper mines?
Mr. BURRAGE. No, sir. The idea of the formation of such a company came to me while I was there on the ground. I went there primarily to get some idea of the value of the Butte & Boston only.
Mr. UNTERMYER. At anybody's suggestion?
Mr. BURRAGE. The suggestion of Mr. Rogers and Mr. Lawson. It had no reference to any other proprety.
Mr. UNTERMYER. Had you talked the subject over with Mr. Lawson?
Mr. BURRAGE. No, sir; I had been in California for six months.
Mr. UNTERMYER. This was a suggestion conveyed by telegraph?
Mr. BURRAGE. Asking me to go there to look into that property.
Mr. UNTERMYER. Was that the occasion on which these Butte & Boston shares were purchased?
Mr. BURRAGE. No, sir; Mr. Lawson already had a large number of Butte & Boston shares.
Mr. UNTERMYER. Did you take any interest in those?
Mr. BURRAGE. No, sir; I never had.

Mr. UNTERMYER. But he had an interest in those, had he?
Mr. BURRAGE. I did not have any at that time.
Mr. UNTERMYER. When you acquired it, you and Mr. Rogers, he had an interest in that, had he not?
Mr. BURRAGE. I do not know that he did.
Mr. UNTERMYER. Do you know whether——
Mr. BURRAGE (interposing). I think he simply held on to his own shares, and what Mr. Rogers accumulated afterwards was distributed among others. I am not sure that Mr. Lawson had any shares. In fact, I do not think he did.
Mr. UNTERMYER. You are not sure that he had any interest in the shares that you bought?
Mr. BURRAGE. I am not sure. I think not.
Mr. UNTERMYER. Did you also buy Boston & Montana shares?
Mr. BURRAGE. No, sir; not at that time.
Mr. UNTERMYER. When were they bought?
Mr. BURRAGE. I can not recall the date, but I should think that it was a year or more—there were some Boston & Montana shares taken over or bought at the time of a local disturbance in Boston.
Mr. UNTERMYER. By local disturbance you mean the failure of the Globe Bank?
Mr. BURRAGE. Yes, sir.
Mr. UNTERMYER. What year was that?
Mr. BURRAGE. I do not recall. I should think it was a year or so after that.
Mr. UNTERMYER. The Globe Bank held a large amount of Boston & Montana stock, did it not?
Mr. BURRAGE. I do not recall that.
Mr. UNTERMYER. Do you not know whose stock it was?
Mr. BURRAGE. I think it was shares held by Albert S. Bigelow and associates of his.
Mr. UNTERMYER. Yes.
Mr. BURRAGE. I do not think it was with the Globe Bank.
Mr. UNTERMYER. The Globe Bank was a national bank, was it not?
Mr. BURRAGE. It was a national bank. I do not think it held those shares, though.
Mr. UNTERMYER. Just before the Globe Bank broke with those shares, do you remember advertisements issued by Mr. Lawson, side by side, of Butte & Boston and Boston & Montana?
Mr. BURRAGE. I remember there was quite an advertising campaign; yes, sir.
Mr. UNTERMYER. Who conducted it?
Mr. BURRAGE. Mr. Lawson.
Mr. UNTERMYER. It was a bull campaign on Butte & Boston and a bear campaign on Boston & Montana, was it not?
Mr. BURRAGE. Yes, sir.
Mr. UNTERMYER. What was the result on those two stocks?
Mr. BURRAGE. Nothing that I know of.
Mr. UNTERMYER. Do you not know that the Butte & Boston went up and the Boston & Montana went down?
Mr. BURRAGE. I do not think Boston & Montana did go down. I think it was supported in the market by Mr. Bigelow and his associates, and never did go down.

Mr. UNTERMYER. Did not Boston & Montana go down to $203 a share?

Mr. BURRAGE. My recollection had been that that was about the highest price it had sold at.

Mr. UNTERMYER. When the Globe Bank failed, what did it go down to?

Mr. BURRAGE. That was not the time of the Globe Bank failure, I think.

Mr. UNTERMYER. This bear campaign against the Boston & Montana, side by side, with the bull campaign for Butte & Boston—was not that before the Globe Bank failed?

Mr. BURRAGE. Oh, I think so.

Mr. UNTERMYER. Yes. How long before?

Mr. BURRAGE. My recollection would be that it was some time, and had nothing to do with it.

Mr. UNTERMYER. Let us see about that.

Mr. BURRAGE. That is my recollection.

Mr. UNTERMYER. How many weeks before the Globe Bank failed was this bear campaign?

Mr. BURRAGE. I have no recollection. I should have said some time, until you indicated that it was a short time.

Mr. UNTERMYER. That is still indefinite, Mr. Burrage. Can you give us any idea whether it was two weeks or three weeks?

Mr. BURRAGE. I have not the slightest recollection.

Mr. UNTERMYER. These advertisements bulling Butte & Boston and bearing Boston & Montana—were they not on the basis of the claim that the Butte & Boston really owned a large part of the Boston & Montana properties, that the Boston & Montana did not own them at all?

Mr. BURRAGE. They may have been. I do not know.

Mr. UNTERMYER. Butte & Boston had been selling for about $2 a share, had it not?

Mr. BURRAGE. Oh, I do not think so.

Mr. UNTERMYER. Had it not, at times, sold for $2 a share?

Mr. BURRAGE. In times past, yes, but not at that time.

Mr. UNTERMYER. When you bought it, was it not sold at $2 a share?

Mr. BURRAGE. No, sir; many times that.

Mr. UNTERMYER. How many times that, in 1898?

Mr. BURRAGE. I do not know. I should say ——

Mr. UNTERMYER. In 1898, I say.

Mr. BURRAGE. Around $40 or $50 a share.

Mr. UNTERMYER. Your impression is that Butte & Boston was selling around $40 a share in 1898?

Mr. BURRAGE. Yes, sir. It may have been a little after that.

Mr. UNTERMYER. Was it not very much after that? Was it not very much after you all went in and bought at around $2 a share for years?

Mr. BURRAGE. That is not my recollection.

Mr. UNTERMYER. Was it not reorganized on the basis of $2 a share?

Mr. BURRAGE. That I do not know.

Mr. UNTERMYER. Do you not know that the Davis estate parted with one-half the stock, 90,000 shares out of 200,000 shares, under the order of the court in Boston, at $2 a share?

Mr. BURRAGE. No, sir; I have no recollection.
Mr. UNTERMYER. You do not remember?
Mr. BURRAGE. I remember that the Davis estate was interested in various properties. I had nothing to do with it, and I have no recollection of that. I never knew.
Mr. UNTERMYER. Do you not know that the capital stock of the Butte & Boston was 200,000 shares?
Mr. BURRAGE. I think so.
Mr. UNTERMYER. And do you not know that 90,000 of those shares were held by the Davis estate?
Mr. BURRAGE. No, sir; I do not know.
Mr. UNTERMYER. You never heard it?
Mr. BURRAGE. They may have been. If they were, it was long before my time.
Mr. UNTERMYER. Do you not know that the court in Boston directed the sale of those shares, and that they were sold at $2 a share?
Mr. BURRAGE. No, sir; I do not.
Mr. UNTERMYER. Coming back to this advertising campaign. How long did it last?
Mr. BURRAGE. I do not know.
Mr. UNTERMYER. Am I right in the statement that it was based on the claim that Butte & Boston owned Boston & Montana property?
Mr. BURRAGE. I do not know that. That may have been one of the items or claims or allegations.
Mr. UNTERMYER. Do you not remember the advertisement?
Mr. BURRAGE. No sir.
Mr. UNTERMYER. Were you not buying stock, at the time, of the Boston & Montana for Mr. Rogers?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. Did not Mr. Rogers buy a large amount of stock at that time?
Mr. BURRAGE. Not that I know of; no, sir.
Mr. UNTERMYER. How much stock was accumulated by you in Boston & Montana during that campaign and following the bankruptcy of the Globe Bank?
Mr. BURRAGE. I do not recall that a single share was.
Mr. UNTERMYER. Do you not know that when the Globe Bank failed you and your associates acquired 20,000 shares of that stock in two blocks?
Mr. BURRAGE. I do not. I had a recollection that there was some 12,000 shares, but it was after that.
Mr. UNTERMYER. Was not that at the time of the failure of the Globe Bank that that was acquired by Mr. Rogers and Mr. Rockefeller and yourself?
Mr. BURRAGE. I did not acquire any.
Mr. UNTERMYER. Did you have anything to do with the negotiation?
Mr. BURRAGE. No.
Mr. UNTERMYER. You knew of it, did you not?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. You never heard of it?
Mr. BURRAGE. I remember there were some shares transferred, but I had no knowledge of and no part in the negotiations.

Mr. UNTERMYER. At what price were those 12,000 shares transferred?

Mr. BURRAGE. I do not recall. I think at the market price.

Mr. UNTERMYER. What was that, after the Globe Bank failed?

Mr. BURRAGE. I should have said over $200. I do not recall.

Mr. UNTERMYER. Whose shares were they?

Mr. BURRAGE. I do not know.

Mr. UNTERMYER. What did this campaign of Mr. Lawson's have to do with the failure of the Globe Bank? Do you know?

Mr. BURRAGE. Nothing, that I know of.

Mr. UNTERMYER. Do you know anything about it?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Do you not know that Mr. Bigelow had large loans there?

Mr. BURRAGE. No sir; I did not think he did.

Mr. UNTERMYER. At the time of the failure of the bank?

Mr. BURRAGE. No sir; I think not.

Mr. UNTERMYER. Did you not know that 10,000 shares of that stock went to Mr. Rogers and Mr. Rockefeller, and to this pool?

Mr. BURRAGE. No sir.

Mr. UNTERMYER. You say there were 12,000 shares bought at 203?

Mr. BURRAGE. I said I had a recollection that there was some 12,000 shares. It may have been 10,000 shares.

Mr. UNTERMYER. When they were put into the Amalgamated those 12,000 shares brought $520, did they not?

Mr. BURRAGE. I never knew until you spoke that they were put into the Amalgamated.

Mr. UNTREMYER. Did you not know that the Boston and Montana stock was all sold to the Amalgamated?

Mr. BURRAGE. No sir. I know that those shares were sold in the open market, long before the episode you talk about.

Mr. UNTERMYER. Who sold them?

Mr. BURRAGE. I had them sold.

Mr. UNTERMYER. For whose account?

Mr. BURRAGE. For Mr. Rogers and Mr. Rockefeller.

Mr. UNTERMYER. Then you were running their stock end of it?

Mr. BURRAGE. No sir.

Mr. UNTERMYER. Through whom did you have them sold?

Mr. BURRAGE. Through whom?

Mr. UNTERMYER. Yes.

Mr. BURRAGE. That I do not recall.

Mr. UNTERMYER. Was that through Mr. Keene?

Mr. BURRAGE. No sir.

Mr. UNTERMYER. Was it through Mr. Lawson?

Mr. BURRAGE. It may have been, but I should say not.

Mr. UNTERMYER. Can you not give us any idea through whom they were sold? That was a transaction of two or three million dollars, was it not?

Mr. BURRAGE. Yes, sir. I think they were sold over a period of several weeks.

Mr. UNTERMYER. At what price?

Mr. BURRAGE. For very little more than they cost.

Mr. UNTERMYER. At what price?

Mr. BURRAGE. I do not recall.

Mr. UNTERMYER. Do you know who settled for them with Mr. Rogers and Mr. Rockefeller? Did you?

Mr. BURRAGE. Undoubtedly I received the money for them.

Mr. UNTERMYER. From whom?

Mr. BURRAGE (continuing). And transmitted it. No; I may not have done that; they may have been sold, and I am inclined to think that they were sold through Mr. Rogers's broker.

Mr. UNTERMYER. I thought you said you looked after that sale?

Mr. BURRAGE. A certain part of it; yes.

Mr. UNTERMYER. What part of it?

Mr. BURRAGE. As to the amount that should be sold from time to time; as to what we thought the market would take.

Mr. UNTERMYER. You directed how the stock should be sold, did you, for them?

Mr. BURRAGE. I think so, very largely.

Mr. UNTERMYER. You had no interest in it?

Mr. BURRAGE. Ultimately I got a share of the profit; yes, sir.

Mr. UNTERMYER. What proportion?

Mr. BURRAGE. I have not the slightest idea. I do not know that I ever knew.

Mr. UNTERMYER. There are no books on that subject, either?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. No records, no checks, nothing?

Mr. BURRAGE. Not a particle.

Mr. UNTERMYER. And you have no idea of the percentage of profits that you got?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. And you can not tell us the name of the broker through whom you sold it?

Mr. BURRAGE. I think that I directed as to the amount that should be sold. I can not recall whether it was Chase & Barstow or Brown & Riley, or who it was.

Mr. UNTERMYER. Was it done through Brown & Riley?

Mr. BURRAGE. I say I can not recall.

Mr. UNTERMYER. How many shares of Boston & Montana changed hands under your direction through Brown & Riley, of Boston?

Mr. BURRAGE I say I do not recall.

Mr. UNTERMYER. Were there 50,000 shares at different times?

Mr. BURRAGE. No—substantially——

Mr. UNTERMYER. Were there or not?

Mr. BURRAGE. I think not.

Mr. UNTERMYER. Were there 100,000 shares?

Mr. BURRAGE. I think not. I think it was substantially the amount you specified—12,000 shares.

Mr. UNTERMYER. The stock was bought from time to time for the account of Messrs. Rogers and Rockefeller of this Boston & Montana before the trade was made with Amalgamated?

Mr. BURRAGE. I never knew that a share was bought. I never had anything to do with any buying for them.

Mr. UNTERMYER. You only did the selling?

Mr. BURRAGE. Only the general direction of the selling of that particular lot in which I had an interest.

Mr. UNTERMYER. What about the Butte and Boston shares? Did you have anything to do with the buying and selling of those?

Mr. BURRAGE. No, sir. Undoubtedly, in 1899, I was consulted; yes, as to the buying of them.

Mr. UNTERMYER. The purchases made after 1898——

Mr. BURRAGE (interposing). In regard to the selling of the Butte & Boston shares, I only had to do with the selling of my own shares.

Mr. UNTERMYER. Who looked after the selling of shares that were held in joint account?

Mr. BURRAGE. There were no shares held in joint account at that time, that I know of.

Mr. UNTERMYER. At what time?

Mr. BURRAGE. In 1901, prior to the absorption by the Amalgamated of Butte & Boston and Boston & Montana.

Mr. UNTERMYER. I am referring now to any purchases of shares or sales of shares of Butte & Boston between 1898 and 1901.

Mr. BURRAGE. There were none purchased, that I know of or had any interest in, and I had nothing to do except with the selling of my own shares in the winter and spring of 1901. That had nothing to do with anybody else.

Mr. UNTERMYER. How long before the Butte & Boston was taken into the Amalgamated did you sell your own shares?

Mr. BURRAGE. I should say three or four months. I was in California, and the price went up and I sold.

Mr. UNTERMYER. The price went up to where?

Mr. BURRAGE. I should have said $80 or $90 a share.

Mr. UNTERMYER. It went up to $135 a share; did it not?

Mr. BURRAGE. Not until after I had sold, unfortunately.

Mr. UNTERMYER. But it did go up to $135 a share, did it not?

Mr. BURRAGE. I think so.

Mr. UNTERMYER. And Boston & Montana went up to $520 a share, did it not?

Mr. BURRAGE. I have forgotten what that went to.

Mr. UNTERMYER. It was over $500 a share, was it not?

Mr. BURRAGE. I do not recall.

Mr. UNTERMYER. How many shares of Amalgamated were issued for each share of Boston & Montana?

Mr. BURRAGE. My recollection is that there were four shares for Boston & Montana and one share for Butte & Boston.

Mr. UNTERMYER. How many shares of Butte & Boston for each share of Amalgamated were issued?

Mr. BURRAGE. I think one.

Mr. UNTERMYER. What was the price of Amalgamated?

Mr. BURRAGE. I do not recall. I think it was above par.

Mr. UNTERMYER. It was 130, was it not?

Mr. BURRAGE. I do not recall.

Mr. UNTERMYER. Was it about 130?

Mr. BURRAGE. I do not recall.

Mr. UNTERMYER. What was the date of that transaction, of the exchange of Butte & Boston and Boston & Montana for Amalgamated stock?

Mr. BURRAGE. I should say late in the spring of 1901.

Mr. UNTERMYER. It appears from the papers in evidence that it was in April, 1901, that the price of Amalgamated was $130. On that basis, Boston & Montana shares brought $520, did they not, and Butte & Boston $130?

Mr. BURRAGE. I think that calculation is correct.

Mr. UNTERMYER. Was there not also a $5 dividend paid on Butte & Boston at that time, bringing the price up to $135 a share?

Mr. BURRAGE. I do not recall that there was. There may have been, but I do not recall. I have not the slightest idea.

Mr. UNTERMYER. When those properties were taken over, the capital of Amalgamated was increased to how much?

Mr. BURRAGE. From $75,000,000 to $155,000,000.

Mr. UNTERMYER. It was increased $80,000,000?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. That $80,000,000 of stock, selling at about $130 a share, making $104,000,000?

Mr. BURRAGE. Yes.

Mr. UNTERMYER. That was issued in payment for what?

Mr. BURRAGE. For the shares of the Boston & Montana and the Butte & Boston, if I recall rightly.

Mr. UNTERMYER. That was $104,000,000 market value?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. At that time who were the directors of the Amalgamated Copper Co.? You were one, were you not?

Mr. BURRAGE. I was one; Mr. William Rockefeller, Mr. H. H. Rogers—I do not recall the others.

Mr. UNTERMYER. Was Mr. Stillman one?

Mr. BURRAGE. I think not. I think he had resigned.

Mr. UNTERMYER. How long before that transaction had he resigned?

Mr. BURRAGE. I do not know. I should say a year or so.

Mr. UNTERMYER. Is it or not the fact that you gentlemen all voted in favor of that purchase?

Mr. BURRAGE. I am quite sure that I did.

Mr. UNTERMYER. You all voted in favor of it?

Mr. BURRAGE. As far as I know.

Mr. UNTERMYER. And you knew, did you not, that as directors you would be personally liable if you voted in favor of the purchase of stocks at a vast profit which you yourselves owned?

Mr. BURRAGE. I beg your pardon, Mr. Untermyer; I object to that insinuation——

Mr. UNTERMYER. Did you not know that?

Mr. BURRAGE. I had no shares, and there was no profit——

Mr. UNTERMYER. Did you not know that you would be liable, if you did such a thing?

Mr. BURRAGE. If there was no fraud, and it was open and above-board, I do not know that there would be any liability. As a matter of fact, I know there was no liability on my part.

Mr. UNTERMYER. Let us see about that.

Mr. BURRAGE. I had no interest.

Mr. UNTERMYER. Is it your idea that if you and Messrs. Rogers and Rockefeller owned all that stock, and turned it over to the company, through your vote as directors, that you would not be liable?

Mr. BURRAGE. Mr. Rogers and Mr. Rockefeller did not——

Mr. UNTERMYER (interrupting). I say, is it your idea that you would not be liable?

Mr. BURRAGE. That is a matter of law that I am not called upon to decide.

Mr. UNTERMYER. I thought you just said that if there was no fraud you would not be liable, even if you had owned the stock.

Mr. BURRAGE. I felt, as an individual, that the property was worth very much more than that. I had examined it myself, repeatedly, and although I had no interest in either the Butte & Boston or the Boston & Montana, I was very happy, for Amalgamated's sake, that the purchase was made.

Mr. UNTERMYER. Let us see about that. Do you know who the people were who turned over that stock?

Mr. BURRAGE. I do not. It was the shareholders of those two companies.

Mr. UNTERMYER. Do you know what brokerage houses in Boston turned over that stock?

Mr. BURRAGE. My recollection is that it was Kidder, Peabody & Co., for the Amalgamated.

Mr. UNTERMYER. Yes. Who acted for the people who had the large blocks of stock?

Mr. BURRAGE. I do not know. I was not there. I was in California almost up to the time when the final transaction was made. I knew nothing of it.

Mr. UNTERMYER. Within the period of two years, will you state whether or not the stocks of those companies had increased from a value of approximately $30,000,000 to a value of approximately $104,000,000 at the time when the deal was made by which they were turned over to the Amalgamated?

Mr. BURRAGE. I have not made the calculation, but I should think that was quite correct.

Mr. UNTERMYER. That would involve a profit of about $74,000,000 for somebody, or some bodies, would it not?

Mr. BURRAGE. To the shareholders; yes, sir.

Mr. UNTERMYER. Yes; to the shareholders, whoever they might be.

Mr. BURRAGE. To the shareholders, whoever they might be.

Mr. UNTERMYER. Do you recall the fluctuations in the prices of those stocks from 1899 to the time they were taken into Amalgamated?

Mr. BURRAGE. No, sir; I could not, possibly.

Mr. UNTERMYER. Was it a steady upward rise?

Mr. BURRAGE. I do not recall. I should say not.

Mr. UNTERMYER. Is it your recollection?

Mr. BURRAGE. No; I am quite sure it was not.

Mr. UNTERMYER. Is it your recollection that either of those stocks ever sold, after January, 1900, for as low a price as they sold in April, 1899?

Mr. BURRAGE. I do not recall, but I should think the chances were they did not.

Mr. UNTERMYER. Then there was a steady upward rise?

Mr. BURRAGE. I do not know that that necessarily follows. In the end it was higher than at the start; yes, of course.

Mr. UNTERMYER. They never got back to where they were at the start, did they?

Mr. BURRAGE. No; I do not think they did.

Mr. UNTERMYER. Have you any means of knowing how much Boston & Montana stock Messrs. Rogers and Rockefeller purchased or sold between 1899 and April, 1901? Have you any means of knowing?

Mr. BURRAGE. So far as I know——
Mr. UNTERMYER. Have you any means of knowing?
Mr. BURRAGE. I have not; and so far as I know——
Mr. UNTERMYER. That is all I wanted.
Mr. BURRAGE. So far as I know, they did not.
Mr. UNTERMYER. I thought you said you had no means of knowing?
Mr. BURRAGE. No.
Mr. UNTERMYER. And you do not know?
Mr. BURRAGE. I repeat it. I do not know.
Mr. UNTERMYER. Who is there who would know, who is in existence to-day?
Mr. BURRAGE. I do not know. Mr. William Rockefeller would undoubtedly know whether he purchased any or not.
Mr. UNTERMYER. Who was Mr. Rogers's secretary at that time?
Mr. BURRAGE. Miss Harrison.
Mr. UNTERMYER. Have you seen her lately?
Mr. BURRAGE. I have not seen her for several years, or had any communication with her.
Mr. UNTERMYER. Who was Miss Watson?
Mr. BURRAGE. She was a clerk in Mr. Rogers's office.
Mr. UNTERMYER. Have you seen her lately?
Mr. BURRAGE. I do not think I have seen her since the day Mr. Rogers died, nor Miss Harrison either.
Mr. UNTERMYER. That was when?
Mr. BURRAGE. Several years ago; three or four years ago. I do not recall.
Mr. UNTERMYER. Who is Mr. McIntosh?
Mr. BURRAGE. He was an employee of Mr. William Rockefeller's office. I do not know in what capacity.
Mr. UNTERMYER. Was he his secretary?
Mr. BURRAGE. I do not know. I do not think so.
Mr. UNTERMYER. Who was his secretary?
Mr. BURRAGE. I do not think he ever had any secretary, or anyone that had that title or acted in that capacity.
Mr. UNTERMYER. Did he not keep the books of these copper transactions?
Mr. BURRAGE. He had bookkeepers, undoubtedly, but I do not know who.
Mr. UNTERMYER. Do you not know that he kept the books of these transactions?
Mr. BURRAGE. I do not.
Mr. UNTERMYER. When you bought stock for these gentlemen, did you not turn it in to Mr. William Rockefeller?
Mr. BURRAGE. I do not know that I bought stock for these gentlemen.
Mr. UNTERMYER. You never did buy any of this stock for them?
Mr. BURRAGE. Not directly.
Mr. UNTERMYER. From whom did you buy it?
Mr. BURRAGE. I do not know that I bought any, or ever gave any orders to buy any. I think they were taken directly by Mr. Rogers.
Mr. UNTERMYER. Through what brokers?
Mr. BURRAGE. Very likely through Chase & Barstow or Brown & Riley. Maybe others.

Mr. UNTERMYER. Or Kidder, Peabody & Co.?

Mr. BURRAGE. Not that I know of. I never had any transaction with Kidder, Peabody & Co.

Mr. UNTERMYER. What other brokers?

Mr. BURRAGE (continuing). Either for them or myself.

Mr. UNTERMYER. What other men did you have transactions with in connection with those stocks?

Mr. BURRAGE. I do not recall any.

Mr. UNTERMYER. Only those two?

Mr. BURRAGE. Yes.

Mr. UNTERMYER. What interest had you in these Butte & Boston purchases, and Boston & Montana purchases?

Mr. BURRAGE. In 1901?

Mr. UNTERMYER. Yes.

Mr. BURRAGE. None; not a dollar.

Mr. UNTERMYER. What interest had you prior to the time they were turned over to the company?

Mr. BURRAGE. None. I have told you that all my interest, all my shares, in Butte & Boston and Boston & Montana were sold in the open market a long time before that transaction, and before I ever heard of it.

Mr. UNTERMYER. You heard of it all along, did you not? That is what you and your associates were planning for—that entire amalgamation, was it not?

Mr. BURRAGE. That was my hope in the beginning. In fact, I abandoned that.

Mr. UNTERMYER. When was that abandoned?

Mr. BURRAGE. Shortly after Amalgamated was——

Mr. UNTERMYER (interposing). In 1899?

Mr. BURRAGE. Yes.

Mr. UNTERMYER. When was it taken up again?

Mr. BURRAGE. It seems to have been in the spring of 1901. I had nothing to do with it and knew nothing of it.

Mr. UNTERMYER. In the meantime you and your associates had been acquiring stock in these companies?

Mr. BURRAGE. I beg your pardon. I have already testified two or three times that I did not.

Mr. UNTERMYER. Did you not tell us that you had an interest in these purchases?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Did you not say that you had a part of the profits in Boston & Montana, but could not remember the amount?

Mr. BURRAGE. Only in that specific purchase, at one time, in one transaction, to help out the market in Boston; and it was closed out as soon as there was a fair profit. Those shares were not held——

Mr. UNTERMYER. You do not remember how much your proportion of the profits was?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. How much Messrs. Rogers and Rockefeller made out of that transaction you do not know?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. You have no idea?

Mr. BURRAGE. No idea. I may have known at the time, but I do not think so. I have no recollection now.

Mr. UNTERMYER. There was no market operation in Boston & Montana during this time—between 1899 and 1901, was there?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. None whatever?

Mr. BURRAGE. Not so far as I knew.

Mr. UNTERMYER. Will you tell us how the stock managed to climb from $203 to $520?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. How did it climb?

Mr. BURRAGE. By the showing up of the enormous value of the properties and the very large earnings and dividends.

Mr. UNTERMYER. Who showed that up?

Mr. BURRAGE. The development of the mine itself.

Mr. UNTERMYER. How did Butte & Boston happen to climb to $130 a share?

Mr. BURRAGE. Because that also was better.

Mr. UNTERMYER. That also showed up?

Mr. BURRAGE. Yes.

Mr. UNTERMYER. Had it ever paid a dividend?

Mr. BURRAGE. It paid one.

Mr. UNTERMYER. Had it ever paid one until it was taken over?

Mr. BURRAGE. Until I sold my shares, no, sir.

Mr. UNTERMYER. And up to the time it was taken into the Amalgamated had it ever paid a dividend?

Mr. BURRAGE. I think you are wrong in that; I think it had.

Mr. UNTERMYER. When?

Mr. BURRAGE. In the winter.

Mr. UNTERMYER. Did it not pay that dividend at the time it was taken in?

Mr. BURRAGE. I should say not.

Mr. UNTERMYER. Had it ever paid any before?

Mr. BURRAGE. I should say that it was in the fall of 1900. My recollection is not clear. The record would show.

Mr. UNTERMYER. Had it ever paid any other dividend?

Mr. BURRAGE. Not that I recall.

Mr. UNTERMYER. And it was selling at $130 a share when it was taken over?

Mr. BURRAGE. Yes.

Mr. UNTERMYER. Now, with respect to this subpœna. The subpœna asks, under No. 2, for a statement of account of transactions and all books containing entries with respect to all transactions in which you were interested with Mr. H. H. Rogers, now deceased, Mr. William Rockefeller, and Mr. Thomas W. Lawson, or with any of them connected with the acquisition of the properties and securities above mentioned, or with the organization of the Amalgamated Copper Co., or the issue and sale of its securities. Have you any such statements?

Mr. BURRAGE. I never had any. I have none now, and I never had any.

Mr. UNTERMYER. You never took any statement whatever of any transaction?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. You never saw one?

Mr. BURRAGE. No sir; not that I recall.

Mr. UNTERMYER. There are included in the subpœna five different calls for documents. With respect to all those calls, do you say that you have not and have never had any of the books, papers, or documents there referred to?

Mr. BURRAGE. I have gone over that list carefully, and I am unable to find any documents, or any letters, or any accounts, or any paper of that sort as called for.

Mr. UNTERMYER. Let us take No. 5:

Any and all books of account, check books, stub check books, canceled or other checks or vouchers, agreements or other papers or copies thereof, containing evidence of transactions between the years 1898 and 1902, connected with the purchase by you, either alone or jointly with others, of shares of stock in the Butte & Boston Mining Co. or the Boston & Montana Copper Mining Co., or connected with the sale of any of said shares of stock by you, either alone or jointly with others, or directly or indirectly to the Amalgamated Copper Co.

You have not even a stub check? You have none of those papers?

Mr. BURRAGE. I never had any such, directly or indirectly, of either the Boston & Montana or the Butte & Boston, and I never had a book of account or accounts of money. I never had any of that information rendered to me by other people connected with those things.

Mr. UNTERMYER. Let us see about that. You say you had Butte & Boston stock in 1898?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. And when do you say you sold it?

Mr. BURRAGE. In the winter—in the early spring of 1901.

Mr. UNTERMYER. What do you call the early spring?

Mr. BURRAGE. I fix it in this way: I went to California in January——

Mr. UNTERMYER (interposing). What do you call the early spring?

Mr. BURRAGE. February or March.

Mr. UNTERMYER. Or April?

Mr. BURRAGE. Or April.

Mr. UNTERMYER. April, 1901, was the time when the Butte & Boston was turned over to the Amalgamated, was it not?

Mr. BURRAGE. I should have said later.

Mr. UNTERMYER. Was it not?

Mr. BURRAGE. I should say not; no. I should say it was later.

Mr. UNTERMYER. Are you sure it was later?

Mr. BURRAGE. Quite sure. I am not positive. Perhaps you can refresh my recollection.

Mr. UNTERMYER. The stock was $128 in April. Does that refresh your recollection?

Mr. BURRAGE. Not a particle.

Mr. UNTERMYER. In March it had been $103, the highest. In February it had been $95. Does that refresh your recollection as to when the property was turned over to the Amalgamated?

Mr. BURRAGE. No, sir. It must have been, I should say from that, subsequent to that high price. I sold out at less than 95.

Mr. UNTERMYER. This is Amalgamated that we are speaking of, at 95.

Mr. BURRAGE. I beg your pardon.

Mr. UNTERMYER. Through whom did you sell this Butte & Boston stock?

Mr. BURRAGE. Through whom?

Mr. UNTERMYER. Yes. Through what brokers?
Mr. BURRAGE. I do not know. I was in California.
Mr. UNTERMYER. You were in California when you sold it, were you?
Mr. BURRAGE. When I had it sold, yes.
Mr. UNTERMYER. And you do not know to whom you sent the order?
Mr. BURRAGE. I should think it was one of those firms—Chase & Barstow or Brown & Riley.
Mr. UNTERMYER. They are still in existence, are they not?
Mr. BURRAGE. Chase & Barstow are still in existence.
Mr. UNTERMYER. How about Brown & Riley?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. Were you paid for the stock?
Mr. BURRAGE. Undoubtedly.
Mr. UNTERMYER. By check?
Mr. BURRAGE. I do not know.
Mr. UNTERMYER. Would not your check book show anything?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. It would give no idea?
Mr. BURRAGE. I have nothing of those dates.
Mr. UNTERMYER. You mean you do not keep any check book?
Mr. BURRAGE. I keep a check book; yes.
Mr. UNTERMYER. But you have not the check books back to that time?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. Nor your canceled checks?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. Nor anything that would enable us to see how soon before this Butte & Boston stock was turned over to the Amalgamated at $135 you parted with yours? You have nothing to show that?
Mr. BURRAGE. No, sir; I should say several weeks.
Mr. UNTERMYER. But you have nothing to show it, have you?
Mr. BURRAGE. No, sir.
Mr. UNTERMYER. Nor to whom it was turned over? You have nothing to show that?
Mr. BURRAGE. No, sir. It was sold in the open market through a broker.
Mr. UNTERMYER. How do you know it was sold in the open market if you were in California?
Mr. BURRAGE. Because I have a distinct recollection of my disappointment when it went to a very much higher price and was turned into Amalgamated at a very much greater profit than I had.
Mr. UNTERMYER. That tells you that it was sold in the open market and not in a block to some one person, does it?
Mr. BURRAGE. Yes; absolutely.
Mr. UNTERMYER. How do you know it was not sold in a block?
Mr. BURRAGE. Because I recall that it was sold from day to day for some period of time.
Mr. UNTERMYER. Did you get the reports from day to day?
Mr. BURRAGE. Yes, sir.
Mr. UNTERMYER. Over quite a period of time.
Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. But you can not tell us the names of the brokers?

Mr. BURRAGE. I have told you I thought it was probably through Brown & Riley and Chase & Barstow.

Mr. UNTERMYER. Brown & Riley are out of business?

Mr. BURRAGE. Yes, sir; they are both living.

Mr. UNTERMYER. Did you not get statements of account?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Have you any of those?

Mr. BURRAGE. No, sir; I have nothing prior to 1904.

Mr. UNTERMYER. Have you any sort of settlement sheets or settlement statements or accounts with Messrs. Rogers and Rockefeller?

Mr. BURRAGE. Not an atom.

Mr. UNTERMYER. Not a scrap?

Mr. BURRAGE. Not a scrap.

Mr. UNTERMYER. Did you destroy them?

Mr. BURRAGE. I destroyed, or had destroyed, all my correspondence in 1904.

Mr. UNTERMYER. And all your statements of account?

Mr. BURRAGE. Everything concerning Mr. Rogers in connection with the matter.

Mr. UNTERMYER. Knowing there was a lawsuit on between them, you destroyed your papers?

Mr. BURRAGE. I beg pardon. I did not say there was a lawsuit on between them.

Mr. UNTERMYER. There was one imminent, was there not?

Mr. BURRAGE. I do not think there ever was such a lawsuit on between them.

Mr. UNTERMYER. There was a row over the profits, was there not?

Mr. BURRAGE. No; the row came over an entirely different matter, growing out of Boston Gas, and had nothing to do with profits, that I know of.

Mr. UNTERMYER. Did not you know there was a row on between Mr. Lawson and Mr. Rogers over the profits of Amalgamated?

Mr. BURRAGE. No.

Mr. UNTERMYER. You never heard that Mr. Lawson claimed there were some millions he had not received?

Mr. BURRAGE. That is absolute news to me, Mr. Untermyer.

Mr. UNTERMYER. You and Mr. Lawson are good friends, are you not?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. And you are together a great deal and have interests together?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Have you not any interests together?

Mr. BURRAGE. We have one thing together. I want to put it fairly; I am very friendly to Mr. Lawson, and so far as I know he is to me.

Mr. UNTERMYER. You and Mr. Rockefeller have interests together?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. You did have for years?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. You are still a director of Amalgamated?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. Now, about this operation of Mr. Keene. You say you arranged that yourself?

Mr. BURRAGE. The operation of what?
Mr. UNTERMYER. The stock operation conducted by Mr. Keene in the market.
Mr. BURRAGE. Yes, sir.
Mr. UNTERMYER. In 1900, did you say it was?
Mr. BURRAGE. About that. I am not certain——
Mr. UNTERMYER. Was there not one in 1901 conducted by Mr. Keene?
Mr. BURRAGE. I do not think so. I do not think I ever heard of it.
Mr. UNTERMYER. What was Mr. Keene employed to do?
Mr. BURRAGE. Practically to dispose of some shares which had been bought to support the market.
Mr. UNTERMYER. Amalgamated shares?
Mr. BURRAGE. Yes.
Mr. UNTERMYER. That had been bought by Messrs. Rogers and Rockefeller?
Mr. BURRAGE. Yes, sir.
Mr. UNTERMYER. And yourself?
Mr. BURRAGE. Others; I do not know who were in it. I had a participation.
Mr. UNTERMYER. Was it a large block?
Mr. BURRAGE. I do not recall the amount; yes, quite large.
Mr. UNTERMYER. One hundred thousand shares?
Mr. BURRAGE. I would not think it was as much as that; no.
Mr. UNTERMYER. Was it not over 200,000?
Mr. BURRAGE. No; I do not think so.
Mr. UNTERMYER. Do you recall?
Mr. BURRAGE. I should have said somewhere around half that, but I do not recall.
Mr. UNTERMYER. Following Mr. Keene's activities, the market on Amalgamated went down pretty rapidly, did it not?
Mr. BURRAGE. I do not think so.
Mr. UNTERMYER. Did it not?
Mr. BURRAGE. I think not.
Mr. UNTERMYER. Do you know what the result of that operation was?
Mr. BURRAGE. I think——
Mr. UNTERMYER. Do you know?
Mr. BURRAGE. I think the market was higher, Mr. Untermyer.
Mr. UNTERMYER. You think as a result of Mr. Keene's selling 100,000 shares, or thereabouts, the market went up?
Mr. BURRAGE. Yes, sir. I did not say 100,000 shares.
Mr. UNTERMYER. Well, whatever the amount was.
Mr. BURRAGE. As the result of his activities; yes, sir.
Mr. UNTERMYER. The market went up?
Mr. BURRAGE. Yes, sir.
Mr. UNTERMYER. Is that the way the market acts when a big block of stock is sold?
Mr. BURRAGE. I think you can tell about that better than I can, Mr. Untermyer.
Mr. UNTERMYER. I want to know from you. I do not know anything about it, and I have never been involved in such transactions. I understand you were engaged in this?
Mr. BURRAGE. Yes, sir; but you are asking me a general question, and I am not familiar with that.

Mr. UNTERMYER. You know nothing about the stock market operations?

Mr. BURRAGE. I would not say I know nothing; I know very little.

Mr. UNTERMYER. Can you fix the time in 1901 when this operation was conducted?

Mr. BURRAGE. What operation?

Mr. UNTERMYER. This operation to which you have referred, in which you employed Mr. Keene?

Mr. BURRAGE. No, sir; I did not say 1901.

Mr. UNTERMYER. 1900?

Mr. BURRAGE. In 1900; I can not fix the time—no.

Mr. UNTERMYER. You can give us no idea of it?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Did that operation also involve these gentlemen buying a large amount of Amalgamated after it went down?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. Were you not in a pool, or interested in a purchase through Mr. Keene, of a large amount of Amalgamated stock after this operation?

Mr. BURRAGE. I not only was not interested, but I never heard of such a pool.

Mr. UNTERMYER. Do you know the condition of the market in 1900?

Mr. BURRAGE. No, sir.

Mr. UNTERMYER. At the time this operation was made through Mr. Keene, was Amalgamated listed?

Mr. BURRAGE. That was at the time it was listed—no, it was not; I beg pardon; it was not listed.

Mr. UNTERMYER. It was listed on the unlisted department, was it not?

Mr. BURRAGE. Perhaps that was it.

Mr. UNTERMYER. Was that not in November, 1900, when it was listed on the unlisted department?

Mr. BURRAGE. I do not recall.

Mr. UNTERMYER. Do you know what it was selling at at that time?

Mr. BURRAGE. I should have said around 80 or 90, but I am not sure.

Mr. UNTERMYER. Did it not go down after that?

Mr. BURRAGE. Yes; a long time after that.

Mr. UNTERMYER. No, no; I mean did it not go down almost immediately?

Mr. BURRAGE. I think not.

Mr. UNTERMYER. Well, the proof here shows, Mr. Burrage, that in November, 1900, the high price of the stock was 99½, and in December the high price was 96¼, and in January, 1901, the high price was 94¼. Now, does that refresh your recollection?

Mr. BURRAGE. My recollection is——

Mr. UNTEMYER. These are statistics that are in evidence here, and are taken from the records. Now, does that refresh your recollection at all, as to the operation in which you gentlemen were engaged?

Mr. BURRAGE. I am quite sure that the Keene transaction was prior to those figures you have named, of 99 and a fraction.

Mr. UNTERMYER. Well, the transaction was not before the stock was put on the list, was it?

Mr. BURRAGE. I was trying to recall, but I can not remember whether it was simply on the curb or whether it was in the unlisted department.

Mr. UNTERMYER. What happened to the stock, if anything, and who had anything to do, if anybody, with the rise of that stock from 94¾ in January, 1901, to 128½ in April, 1901?

Mr. BURRAGE. So far as I know, there were no market operations, or no pool or manipulation by anyone.

Mr. UNTERMYER. Do you know anything about that?

Mr. BURRAGE. No, sir. I think it was due to the statistical position of the metal in the market.

Mr. UNTERMYER. The statistical position?

Mr. BURRAGE. I think so.

Mr. UNTERMYER. Let us see. The total outstanding stock of Amalgamated was how many shares?

Mr. BURRAGE. $75,000,000.

Mr. UNTERMYER. 750,000 shares.

Mr. BURRAGE. Yes sir.

Mr. UNTERMYER. Now, there were 626,024 shares sold in March, 1901—pretty nearly the capital stock—and 1,869,647 shares sold in April, 1901. Do you understand that that was the result of the strategic or statistical condition of the copper market?

Mr. BURRAGE. I think so. So far as I know, it was.

Mr. UNTERMYER. The whole capital of the company twice over could be sold in a month as the result of the statistical position of the copper market, could it?

Mr. BURRAGE. Bought and sold.

Mr. UNTERMYER. No; this is just one side of the transaction, it is not both sides.

Mr. BURRAGE. One share could be bought and sold by many people many times over.

Mr. UNTERMYER. You still think do you, that that was the result purely of the statistical position of copper metal?

Mr. BURRAGE. That is the best of my knowledge and belief. If there was any pool or manipulation by Mr. Keene or anybody else, I never heard of it.

Mr. UNTERMYER. That was just the time when the capital was being increased and this new stock issued, was it not?

Mr. BURRAGE. Yes, sir.

Mr. UNTERMYER. You do not know, do you, of any market operations by which the people who got that new stock marketed that stock on the public through Mr. Keene?

Mr. BURRAGE. I certainly do not.

Mr. UNTERMYER. That is all.

The CHAIRMAN. The committee will be in recess until 2 o'clock.

Whereupon, at 12.50 o'clock p. m., a recess was taken until 2 o'clock p. m.

AFTER RECESS.

The hearing was resumed to the taking of recess.

TESTIMONY OF MR. GEORGE W. PERKINS.

The witness was duly sworn by the chairman.

Mr. UNTERMYER. Where do you reside?

Mr. PERKINS. New York City.

Mr. UNTERMYER. Are you engaged in any occupation at this time?

Mr. PERKINS. I presume I might be called a student.

Mr. UNTERMYER. A student of economics, are you?

Mr. PERKINS. Possibly, spending most of my time testifying before congressional committees might be another occupation.

Mr. UNTERMYER. You were formerly a member of the firm of J. Pierpont Morgan & Co.?

Mr. PERKINS. Yes; up to two years ago.

Mr. UNTERMYER. Will you please state the date of your retirement from the firm?

Mr. PERKINS. January 1, two years ago, January 1, 1911.

Mr. UNTERMYER. When did you become a member of the firm?

Mr. PERKINS. 1902, I believe.

Mr. UNTERMYER. January, 1902?

Mr. PERKINS. No; along in the spring of that year.

Mr. UNTERMYER. Were you then an officer of the New York Life Insurance Co.?

Mr. PERKINS. I was.

Mr. UNTERMYER. In what capacity?

Mr. PERKINS. As a vice president.

Mr. UNTERMYER. You have been connected with the New York Life for how many years? Many years?

Mr. PERKINS. Yes; since boyhood.

Mr. UNTERMYER. When did you cease to be vice president of the New York Life?

Mr. PERKINS. I do not recall the year, but I should say 1907 or thereabouts.

Mr. UNTERMYER. So that during four or five years of your connection with J. P. Morgan & Co. as a partner you were also vice president of the New York Life?

Mr. PERKINS. Vice president, or some other officer. I do not think I was vice president all of that time.

Mr. UNTERMYER. Did you have any specific department of the firm of J. P. Morgan & Co. that was delegated to your care, or did you generally participate in all the business there?

Mr. PERKINS. No; I worked there more in connection with corporation matters.

Mr. UNTERMYER. Well, their matters were almost all corporation matters, were they not?

Mr. PERKINS. No, I would not say so; there were a good many other things; I mean by corporations more nearly industrial concerns, and matters pertaining thereto, and negotiation matters.

Mr. UNTERMYER. You concerned yourself with negotiations, with vendors, incident to the organization of industrial corporations?

Mr. PERKINS. Such as I had to do with.

Mr. UNTERMYER. Were you an officer or director of the United States Steel Corporation upon its organization?

Mr. PERKINS. No, sir.

Mr. UNTERMYER. Did you become an officer or director?

Mr. PERKINS. I became a director afterwards.

Mr. UNTERMYER. Do you remember when that was?

Mr. PERKINS. I should say 1902 or 1903.

Mr. UNTERMYER. About how long after the organization of the Steel Corporation did you become associated with it?

Mr. PERKINS. I should say a year and a half, possibly. The Steel Corporation was organized before I entered the firm of J. P. Morgan & Co.

Mr. UNTERMYER. And you had nothing to do with its organization?

Mr. PERKINS. No, sir.

Mr. UNTERMYER. Upon entering the firm of J. P. Morgan & Co. what position did you assume in the Steel Corporation?

Mr. PERKINS. None.

Mr. UNTERMYER. How soon after entering the firm did you assume any relation with that corporation?

Mr. PERKINS. Well, I should think a year or such a matter, approximately; I don't know exactly.

Mr. UNTERMYER. What relation did you then assume to the Steel Corporation?

Mr. PERKINS. I became a member of its board of directors.

Mr. UNTERMYER. Did you assume any other relation as a member of its executive or chief committee, known as the finance committee?

Mr. PERKINS. Later I became a member of the finance committee.

Mr. UNTERMYER. Do you remember when that was?

Mr. PERKINS. No, sir.

Mr. UNTERMYER. Was it in the year 1903?

Mr. PERKINS. I think it was about that time.

Mr. UNTERMYER. Who was chairman of the committee at that time?

Mr. PERKINS. I do not recall.

Mr. UNTERMYER. Was it Mr. Gary?

Mr. PERKINS. No, sir; I think at that time he was chairman of the board.

Mr. UNTERMYER. Who was Mr. Gary's predecessor in the chairmanship of the finance committee?

Mr. PERKINS. I was.

Mr. UNTERMYER. You became chairman of the finance committee, then, did you?

Mr. PERKINS. I did after I had been on the board a while; after a short time.

Mr. UNTERMYER. When you first went on the board, who was chairman of that committee?

Mr. PERKINS. I do not recall who was chairman of the committee; the records will show; I do not remember just who it was; I do not just happen to recall.

Mr. UNTERMYER. Was the finance committee the executive committee of the company?

Mr. PERKINS. No, sir.

Mr. UNTERMYER. Was there an executive committee besides?

Mr. PERKINS. There was; yes.

Mr. UNTERMYER. Did that condition remain, or was that changed?
Mr. PERKINS. No; that was only for perhaps—well, I should say roughly, a couple of years.
Mr. UNTERMYER. And then the finance committee assumed all the powers of the executive committee, did it?
Mr. PERKINS. Well, all except those exercised by the board.
Mr. UNTERMYER. How often did the board meet?
Mr. PERKINS. The board meets monthly.
Mr. UNTERMYER. You are still a director of the company, are you not?
Mr. PERKINS. I am.
Mr. UNTERMYER. You are still a member of the finance committee?
Mr. PERKINS. I am.
Mr. UNTERMYER. You are no longer its chairman?
Mr. PERKINS. No, sir.
Mr. UNTERMYER. When did you resign the chairmanship of that committee?
Mr. PERKINS. Oh, I should think three or four years ago.
Mr. UNTERMYER. Did you have any concern with establishing or organizing the steel company?
Mr. PERKINS. No, sir; you mean the formation of it?
Mr. UNTERMYER. No; I do not mean the formation of it. I mean the practical organization of the business.
Mr. PERKINS. I had, perhaps, something more or less to do with what might be called the organization end of the business.
Mr. UNTERMYER. I mean business organization.
Mr. PERKINS. Yes.
Mr. UNTERMYER. You were concerned in that, were you?
Mr. PERKINS. Yes.
Mr. UNTERMYER. Was that business organization primarily your work?
Mr. PERKINS. Well, I do not know that I would say that. We all talked it over a great deal. It was a matter of considerable study, and of course a great deal of work, and I did my share, perhaps.
Mr. UNTERMYER. Do you know of the steel company at times buying its own stock?
Mr. PERKINS. Do I know of the Steel Co. buying its own stock?
Mr. UNTERMYER. Yes.
Mr. PERKINS. It has bought its own stock for the purpose of our profit-sharing plans with the employees.
Mr. UNTERMYER. Do you know of its buying its own stock for other purposes?
Mr. PERKINS. No, sir.
Mr. UNTERMYER. Or selling its own stock for purposes of sustaining the market?
Mr. PERKINS. Never knew of any such transaction.
Mr. UNTERMYER. You know that there were pools in the stock at times?
Mr. PERKINS. No, sir.
Mr. UNTERMYER. You know that there were pools in the stock at times, do you not?
Mr. PERKINS. No, sir.
Mr. UNTERMYER. You knew of no such pools?
Mr. PERKINS. No, sir.

Mr. UNTERMYER. Outside the company itself.
Mr. PERKINS. Only as I heard of them in the newspapers.
Mr. UNTERMYER. Well, as you observed the effects of them in the stock market?
Mr. PERKINS. No; I never knew of any pools in steel stock.
Mr. UNTERMYER. You do not know of Mr. Keene's connection?
Mr. PERKINS. No, sir.
Mr. UNTERMYER. With any of these stock pools?
Mr. PERKINS. No, sir.
Mr. UNTERMYER. Is it considered a legitimate thing for a company to protect its stock through buying it when it is depressed and too low, and there is no market for it, and selling it again when it assumes a normal position?
Mr. PERKINS. I do not know, of course, about what the general custom of other companies is, but so far as the steel corporation is concerned, I know that never was done.
Mr. UNTERMYER. That is, your understanding is that the stock has been permitted to take its normal course in the market, so far as J. P. Morgan & Co. are concerned?
Mr. PERKINS. Yes.
Mr. UNTERMYER. So far as outside operations or pools in the stock are concerned, on behalf of particular directors, or otherwise, that you know nothing about.
Mr. PERKINS. That is correct.
Mr. UNTERMYER. Would you consider it proper for directors with advance information of the condition of a company to deal in its stock?
Mr. PERKINS. I do not.
Mr. UNTERMYER. Was the steel company the first great corporation of its kind that inaugurated the custom of complete publicity of its affairs?
Mr. PERKINS. So far as I know, it was.
Mr. UNTERMYER. Does such a regulation have the effect of minimizing the speculative possibilities of a stock in the market?
Mr. PERKINS. I believe it does, very decidedly.
Mr. UNTERMYER. And you think it is a wholesome thing that ought to be encouraged and required by law, do you?
Mr. PERKINS. I do.
Mr. UNTERMYER. And you know nothing about, and you have no information you could give the committee with respect to, the basis on which this company was put together?
Mr. PERKINS. The Steel Corporation?
Mr. UNTERMYER. Yes.
Mr. PERKINS. No, sir. That was before my day.
Mr. UNTERMYER. Now, with respect to the Harvester Co., that was more particularly your job, was it not?
Mr. PERKINS. It was.
Mr. UNTERMYER. Do you remember when that was organized?
Mr. PERKINS. Approximately 10 years ago.
Mr. UNTERMYER. That work was done by the firm of J. P. Morgan & Co., was it not, through yourself?
Mr. PERKINS. Yes, sir.
Mr. UNTERMYER. Was the work of organization in your hands?
Mr. PERKINS. Yes.

Mr. UNTERMYER. If I ask you any questions that might entrench upon the pending litigation of the Harvester Co., please say so, Mr. Perkins, and I will withdraw it.

Mr. PERKINS. Perhaps I ought to say, then, in justice to the Harvester Co., that it is in that condition now.

Mr. UNTERMYER. Yes.

Mr. PERKINS. I want, Mr. Counsel and Mr. Chairman, to give this committee all the information I can on the inquiry that you are conducting, but I do think, in view of your remark, that perhaps inquiries about the Harvester Co., especially as I have just testified in that suit, should perhaps be left to the court that is conducting that case.

Mr. UNTERMYER. There is every disposition to avoid asking any questions that may have a bearing upon that suit, Mr. Perkins.

Mr. PERKINS. Well, I am here without counsel, and therefore it would not perhaps be possible for me to say what points would have a legal bearing and what would not.

Mr. UNTERMYER. You became chairman of the finance committee of that company, did you?

Mr. PERKINS. I did; yes, sir.

Mr. UNTERMYER. You are still the chairman of that committee?

Mr. PERKINS. I am.

Mr. UNTERMYER. Were you one of the original voting trustees of the Bankers Trust Co.?

Mr. PERKINS. I was.

Mr. UNTERMYER. And who were your associates, if you remember?

Mr. PERKINS. Mr. H. P. Davison; and I think Mr. Reid, possibly not at the beginning, but later on.

Mr. UNTERMYER. Was that voting trust formed at the time the Bankers Trust was organized?

Mr. PERKINS. It was.

Mr. UNTERMYER. How long did you remain a voting trustee?

Mr. PERKINS. Well, until a year and a half, or such a matter, ago.

Mr. UNTERMYER. Then you were a trustee, were you, under the extended voting trust?

Mr. PERKINS. I remained a voting trustee until just about the time of the extension, as I remember it, and perhaps a little after.

Mr. UNTERMYER. It appears in evidence here that the original trust agreement, dated the 18th of March, 1903, was for five years.

Mr. PERKINS. Yes.

Mr. UNTERMYER. And that it was renewed on the 18th of March, 1908, for three years, with the same voting trustees?

Mr. PERKINS. Yes.

Mr. UNTERMYER. So that that voting trust, the second one, lasted, or would have lasted, normally, until March 13; but it was superseded on March 9, 1912, by a new voting trust, Mr. George B. Case taking your place. Do you know Mr. Case?

Mr. PERKINS. I do.

Mr. UNTERMYER. What is his profession?

Mr. PERKINS. A lawyer.

Mr. UNTERMYER. And do you know how he came to be named as voting trustee?

Mr. PERKINS. I do not.

Mr. UNTERMYER. Or at whose suggestion?

Mr. PERKINS. I do not.

Mr. UNTERMYER. He was the counsel for the Bankers Trust Co., was he not?

Mr. PERKINS. I do not know as to that.

Mr. UNTERMYER. Also, he was one of the counsel of J. P. Morgan & Co.?

Mr. PERKINS. Not in my time. I do not know that he is.

Mr. UNTERMYER. Is not he related to some one of the firm?

Mr. PERKINS. Not that I know of.

Mr. UNTERMYER. You do not know that?

Mr. PERKINS. No, sir.

Mr. UNTERMYER. What useful purpose, Mr. Perkins, is served by putting into the hands of three voting trustees a majority of shares of a trust company, with power to them to vote for all the directors of the company and to approve and confirm amalgamations with other companies, without recourse to the stockholders?

Mr. PERKINS. My general feeling about a voting trust is that it has been used to cover a period of time when a new enterprise was being gotten under way, when it was desirable to establish certain methods of business, to carry out certain plans of those who were undertaking the responsibility for putting a given business on its feet as a going concern, and in order to conduct it along certain lines for a certain definite period of time.

Mr. UNTERMYER. Is that to conduct it along lines that are approved by the voting trustees, so that they will have control of that?

Mr. PERKINS. Well, to make it along the lines of a policy being established at the beginning by certain men who were interested in working it out; that such men might feel that they could carry their ideas out.

The CHAIRMAN. Those are the voting trustees?

Mr. PERKINS. Those would be the voting trustees.

Mr. UNTERMYER. Then the idea of a voting trust would be to enable the trustees to have a supreme control and fix the policy of the corporation?

Mr. PERKINS. Not the supreme control, because that would of course go to the board of directors.

Mr. UNTERMYER. But they are their nominees?

Mr. PERKINS. The board at the beginning were nominees themselves of the stockholders, and it would be understood that the company would be run along the lines originated by the people who originally formed the company.

Mr. UNTERMYER. How do you make it out that the board are the nominees of the stockholders, when the board here was nominated by the voting trustees?

Mr. PERKINS. Yes, of course. After a company is organized the transfers have to go before the trustees.

Mr. UNTERMYER. Yes, but do you not recall that this board of directors of the Bankers Trust Co., the initial board, was named by the voting trustees under the provisions of the voting trust?

Mr. PERKINS. I think the original board, as a matter of fact, in that case was composed of those of us who formed the Bankers Trust Co. We were a lot of young men in New York who met together occasionally at dinner, and we felt that there was a good opening in the city for another trust company, and we organized.

Mr. UNTERMYER. Was Mr. Daniel G. Reid one of those young men?

Mr. PERKINS. I think he was, but I am not certain. Whether he was at the very beginning or not, I do not recall.

Mr. UNTERMYER. Have you ever heard before of a financial institution being started on its career through the agency of a voting trust?

Mr. PERKINS. I do not recall that I have.

Mr. UNTERMYER. Well, as a matter of fact, this was the pioneer case of that kind, was it not?

Mr. PERKINS. It was.

Mr. UNTERMYER. Is it not a fact that the voting trustees, under the various terms of the voting trust, named the original board?

Mr. PERKINS. I think the original board was comprised of the men who organized the trust company, who started it. As I say, we started it in a general conversation among ourselves, feeling that there was an opportunity for another trust company in New York, and we organized this company.

Mr. UNTERMYER. These trustees did not need to have the stock all put together and its voting power destroyed in order to succeed as a trust company, did they?

Mr. PERKINS. No. I do not recall that there was any specific reason for the voting trust at that time. Some of us may have had a reason.

Mr. UNTERMYER. There is not now any need of its continuance?

Mr. PERKINS. I should think now there would be no reason for its continuance, but I am not sufficiently familiar with the conditions to say.

Mr. UNTERMYER. Do you remember any other instance of a voting trust for a great financial institution that is solvent and prosperous?

Mr. PERKINS. I think, Mr. Counsel, that all these questions would depend very much on the situation of the case; would not you?

Mr. UNTERMYER. Under what circumstances can you conceive that the powers of the stock should be delegated to three men to name the board of a prosperous and growing financial institution?

Mr. PERKINS. I could conceive of a case such as has been known of in regard to railroads, as you know, where it was placing the reorganization of a company in the hands of a few men for a certain length of time, which is very desirable for the property.

Mr. UNTERMYER. Those are cases of bankrupt corporations, are they not?

Mr. PERKINS. They have been used very largely in that respect.

Mr. UNTERMYER. Have you ever heard of a railroad being placed under a voting trust except when it was being reorganized, because of its inability to meet its obligations?

Mr. PERKINS. No; unless possibly the work of the reorganizers was not completed. It might be done then.

Mr. UNTERMYER. No; I ask you if you know of any case in the history of the country in which a railroad or any other corporation, except in this case, was put in the hands of voting trustees, except where it was bankrupt, or could not meet its obligations, and was being reorganized?

Mr. PERKINS. As a matter of fact, I am not very familiar with those affairs of voting trusts.

Mr. UNTERMYER. Do you know of any case of that kind, such as I have described?

Mr. PERKINS. I do not recall that I do.

Mr. UNTERMYER. Do you known whether this voting trust was generally known, whether the existence of it was known?

Mr. PERKINS. It must have been known, because the certificates were voting-trust certificates.

Mr. UNTERMYER. The Bankers Trust issued from year to year, did they not, statements of its affairs?

Mr. PERKINS. Yes; they issue their regular reports.

Mr. UNTERMYER. Regular reports?

Mr. PERKINS. Yes.

Mr. UNTERMYER. You know that on those reports appeared the names of its directors?

Mr. PERKINS. I presume so; yes, sir.

Mr. UNTERMYER. And you know, do you not, that they advertised in the newspapers to the world that they had these directors, and that the high personnel of that board was an inducement for business?

Mr. PERKINS. Yes.

Mr. UNTERMYER. Do you know of their ever having advertised the fact that the board, instead of being named by the stockholders. was named by the voting trustees?

Mr. PERKINS. I do not know whether or not that has been advertised, but it certainly is very well known. Everyone who knows anything about the Bankers Trust Co. knows that there was that voting trust.

Mr. UNTERMYER. How do you know that they knew it?

Mr. PERKINS. Because all the stock was issued as voting certificates, and everybody knew that it was such.

Mr. UNTERMYER. It has been stated here by men who were familiar with conditions downtown, that they did not know that either the Bankers Trust or the Guaranty Trust had a voting trust.

Mr. PERKINS. As far as the board you refer to is concerned, I am quite sure that the board, while selected in that way, has been a very successful and representative board, and of course the board has actually to do the business, and not the voting trust.

Mr. UNTERMYER. Have not the voting trustees from year to year named the board?

Mr. PERKINS. They nominate vacancies in the board.

Mr. UNTERMYER. What do you mean by vacancies? Is not the board reelected every year?

Mr. PERKINS. As far as I know. I do not know the law; I think they are.

Mr. UNTERMYER. Did not the voting trustees meet every year and reelect the board while you were a trustee?

Mr. PERKINS. I do not know how often. We met quite freqeuntly, and my recollection is that the board would suggest vacancies. I think in that respect a voting trust in the company was of very little real use after we were well underway.

Mr. UNTERMYER. Why did you not dissolve it under the power you had under the agreement?

Mr. PERKINS. So far as the voting trust was concerned, after we were organized it was a matter that came up so seldom I do not suppose it occurred to anyone—I am sure it never occurred to me—that it was a matter of very great consequence one way or the other.

Mr. UNTERMYER. Why should the board nominate and appoint men to fill vacancies, and thus make itself self-perpetuating with the aid of the voting trustees, rather than have the stockholders name directors to fill vacancies?

Mr. PERKINS. I do not know that I quite understand what you mean, but the real practice of a concern like that is to find the best man they can. The trustees who are in service are just as anxious to get an associate, in case of a vacancy, who is the best man that they can get, as they can be; because the better man they get the better help they receive for their company, and what they are anxious for is success.

Mr. UNTERMYER. But my inquiry goes to the point of asking why the board should name men to fill these vacancies as its successors, rather than leave that to the stockholders.

Mr. PERKINS. Well, of course, a good many questions that are coming up in the last month or two are questions that scarcely anyone has pondered on; I do not know that I have thought about them sufficiently to give you an answer that I think well enough thought out. What the practice has been, of course, I am familiar with.

Mr. UNTERMYER. Do you believe that a bare majority of the stock of financial institutions should name all the directors of the institution, or that the minority ought to have a representation?

Mr. PERKINS. Well, my opinion is that where possible, in such institutions as it is possible in, minority interests have had representation and should have.

Mr. UNTERMYER. Do you believe that the minority stock in a financial institution ought to have the legal right to representation on the board? That is the question.

Mr. PERKINS. I do.

Mr. UNTERMYER. You know it hasn't it now?

Mr. PERKINS. No; I do not; I think it has.

Mr. UNTERMYER. Don't you know that the law allows the majority to rule?

Mr. PERKINS. That is the law.

Mr. UNTERMYER. I am speaking of the law.

Mr. PERKINS. I doubt if that is uniformly the practice

Mr. UNTERMYER. Do you know anything about the practice?

Mr. PERKINS. Yes, I do; a least I have until the last two or three years.

Mr. UNTERMYER. I would like you to name any financial institution in which the minority stock has asked or received representation.

Mr. PERKINS. I did not mean it in that sense. I meant that the stock of a concern, whether it has been minority or majority, has been represented in the management of the company.

Mr. UNTERMYER. We are now endeavoring to find out whether it is a wise thing to allow the bare majority of stock of an institution to retain its present legal right to select all of the board, or whether the law should be changed so that the minority should have representation proportionate with its holdings?

Mr. PERKINS. I believe, when it comes to a question of changing the law that may exist now, as affecting the financial fabric of this country as it has been built up, that the very greatest possible care should be taken in the study of those questions.

Mr. UNTERMYER. That is the reason we are here, and that is the reason I am asking you this question. Based on your experience I want to know whether, in your judgment, the minority stock in a financial corporation ought or not to have the right to legal representation on the board?

Mr. PERKINS. Well, when you speak of it in the broad way that you do, I think everyone should say that if they have not it they should have.

Mr. UNTERMYER. You know they have not, do you not?

Mr. PERKINS. No; I do not know they have not.

Mr. UNTERMYER. A legal right.

Mr. PERKINS. A legal right is one thing, and the right by practice is even more important, and that is another thing.

Mr. UNTERMYER. We are discussing the question of legal right and I want, Mr. Perkins, to get an answer to that question. Do you approve, or do you not approve, of a change in the law that will give to the minority stock in a financial institution the right of representation, not by grace or by courtesy of the majority, in a representation of somebody who is satisfactory to the majority, but a legal representation of its own selection?

Mr. PERKINS. I certainly would approve of that if it were properly safeguarded, and properly introduced, and so arranged as to be able to conduct it safely and successfully.

Mr. UNTERMYER. Suppose you owned 45 per cent of the stock of the Bankers Trust Co.

Mr. PERKINS. Yes.

Mr. UNTERMYER. And there were nine directors on the board, would you approve of that 45 per cent under the principles and practice of cumulative voting, having the right to name four out of the nine directors?

Mr. PERKINS. I would not say how many. I think they certainly ought to be represented, and it is my experience that they always have been, but I would not be in favor of some law by which perhaps one or two people, for speculative purposes, might go out and get a share or two of stock in order to get on that board and raise havoc with that business. That is why I said that it should be thought out with the greatest possible care. I am not one to say offhand, at the moment, exactly how that should be done or what my careful opinion would be on the subject.

Mr. UNTERMYER. Would you either give the majority the right to name the whole board, or give the minority a right to name part of it? You would have to do one or the other.

Mr. PERKINS. That can be answered yes or no. I think I have covered it by saying just what I said.

Mr. UNTERMYER. No; you have not answered it. You have hedged it.

Mr. PERKINS. I have not meant to hedge it. I have said that the minority, in a large sense, ought to have representation.

Mr. UNTERMYER. I did not mean, when I said you have hedged it, I did not mean that offensively.

Mr. PERKINS. I see.

Mr. UNTERMYER. Here is a proposition that seems perfectly plain. Under the present law the majority names the whole board, does it not?

Mr. PERKINS. Yes.

Mr. UNTERMYER. Do you, or do you not, approve of a change in that law that will give the minority a representation on that board proportionate to its interest in the stock?

Mr. PERKINS. I think I have answered that when I said, replying to your illustration, that I would be in favor of 45 per cent having representation. I think I said that I believed they have had, and I think they certainly ought to have by law.

Mr. UNTERMYER. As to your suggestion, that you believe they have had, that does not answer my question.

Mr. PERKINS. I have gone fruther and stated if the law can be changed in such a way as to safeguard it, and do it in the way I have suggested, so that one or two men can not go out and buy a share of stock in order to get on that board and raise hob.

Mr. UNTERMYER. Do not you know that under the principle of cumulative voting a man with a share of stock or a dozen shares of stock would not have enough stock to elect himself a director?

Mr. PERKINS. You have used one illustration and I have used another. It all comes down to the question as I said before, that it ought to be studied with care; I do not know just how you could do it.

Mr. UNTERMYER. Have you ever heard of cumulative voting?

Mr. PERKINS. I have.

Mr. UNTERMYER. Do not you know that it is in effect in many States of the Union?

Mr. PERKINS. I do not know in many. I have heard that that principle was in effect, but I do not recall any special State.

Mr. UNTERMYER. Do not you know that in New York State it is applicable to industrial corporations that are under charter, but not applicable to banking corporations?

Mr. PERKINS. I did not know that.

Mr. UNTERMYER. You know that the Pennsylvania road has cumulative voting?

Mr. PERKINS. No, sir.

Mr. UNTERMYER. You know that cumulative voting only allows a representation on the board in proportion of the holdings of the minority as compared with the majority?

Mr. PERKINS. In a general way I know that is the system of cumulative voting.

Mr. UNTERMYER. Has any criticism been made of that principle?

Mr. PERKINS. I do not know that there is any criticism made of it. I do not know that it has been studied sufficiently for a man to say, in an examination of this kind, that he would be entirely committed to it. As a matter of fact, the reason that I am in this attitude that I am in to-day is because I am studying these questions; I think we ought to study them. It is my wish, and more or less of a dream, that more men would free themselves from close association with some of those questions, men who have been in them, and devote themselves to the study of it. It is very important.

Mr. UNTERMYER. What is the use of studying them if they have not any opinion on them when they get through?

Mr. PERKINS. I wish they would have. The study might bring the opinion.

Mr. UNTERMYER. Have not you studied this question of representation of minorities?

Mr. PERKINS. I have not.

Mr. UNTERMYER. Are you a director in a number of companies, Mr. Perkins?

Mr. PERKINS. No, sir.

Mr. UNTERMYER. Have you retired from most of your directorships?

Mr. PERKINS. I have; yes, sir.

Mr. UNTERMYER. You say you are a director in the Steel Corporation and the Harvester Co.?

Mr. PERKINS. Yes, sir.

Mr. UNTERMYER. Are you a director in any financial institution?

Mr. PERKINS. Only in the New York Trust Co., of New York.

Mr. UNTERMYER. You were a director in the National City Bank?

Mr. PERKINS. Yes, sir.

Mr. UNTERMYER. How long since you retired from that?

Mr. PERKINS. A year and a half, or such a matter, ago.

Mr. UNTERMYER. In the course of your banking experience and your connection prior to that with the New York Life, did you become, in a general way, conversant with the operations of the stock exchange?

Mr. PERKINS. No, sir.

Mr. UNTERMYER. You know something of the abuses incident to the stock exchange, do you not?

Mr. PERKINS. I, in a very general way, know about the stock exchange, but I never was a member of it. I never was in it. My business and associations and work have not brought me very close to the operations of the exchange.

Mr. UNTERMYER. But, during your years of association with Morgan & Co., you necessarily had to deal with stock exchange houses, did you not?

Mr. PERKINS. My branch of the business brought me very little in touch with them.

Mr. UNTERMYER. Have you, as a result of your experience, any opinion as to the necessity or advisability of putting the stock exchange under legal control and regulating it?

Mr. PERKINS. Yes.

Mr. UNTERMYER. What is your view as to that, and what are the reasons for it?

Mr. PERKINS. I feel generally, from such study as I have made of that, that if the exchange were incorporated under some broad system of regulation, that it would inure to the benefit of the people who are investing in securities sold there and would at once be better for the public who are the buyers, and for the members of the exchange who are conducting this business.

Mr. UNTERMYER. You favor the incorporation of the stock exchange, do you?

Mr. PERKINS. I would; yes.

Mr. UNTERMYER. And under what laws do you favor its incorporation?

Mr. PERKINS. I know that the feeling among some people with whom I have talked is that it should be incorporated under the laws of the State of New York. The New York Stock Exchange was organized a great many years ago as a New York enterprise, but personally I think it has largely outgrown that function. It is a

national institution now. In fact, it is more than that. It is an international institution.

Mr. UNTERMYER. It is an international institution?

Mr. PERKINS. Yes; and people are trading in its securities who are many thousands of miles away, and they should be given all the protection in that trading that it is possible to throw around it. I believe a very vast sum of money would come as an investment in American securities, if some of the conditions in regard to the manner in which they are traded in could be changed and perhaps improved to the benefit at once of the exchange and to purchasers.

Mr. UNTERMYER. Is it your judgment, then, that it should be incorporated under a Federal law?

Mr. PERKINS. That would be my judgment, if that could be so arranged. In fact, I am a Nationalist on almost all of these questions, not a State rights man.

Mr. UNTERMYER. Does the stock exchange perform any important function in national finance?

Mr. PERKINS. I think it does, very; and a most useful function.

Mr. UNTERMYER. Does it establish values?

Mr. PERKINS. Yes and no. It establishes values in that it is the spot cash place of trading, so that perhaps it would be more accurate to say that values establish themselves there.

Mr. UNTERMYER. Yes. What sort of regulation do you suggest to do away with existing abuses?

Mr. PERKINS. That is another question that leads into detail. Personally, Mr. Untermyer, I believe most all of the abuses, or so-called abuses that we are discussing so broadly in many lines to-day would take care of themselves and disappear with publicity.

Mr. UNTERMYER. There is plenty of publicity in the stock exchange, is there not?

Mr. PERKINS. No, sir; I do not think there is.

Mr. UNTERMYER. All the quotations or supposed quotations are published and spread broadcast, are they not?

Mr. PERKINS. That is the result.

Mr. UNTERMYER. Is not that one of the difficulties or abuses—that is, that the quotations are not genuine?

Mr. PERKINS. That they are not genuine?

Mr. UNTERMYER. That they do not represent actual transactions.

Mr. PERKINS. I doubt if that is as much a question to be complained of as the fact that the dealing in the securities is perhaps done in such a way that people do not get the information as to the security that they should have in order to fix their own opinion on its value. I think, in other words, this: Perhaps I can make it plainer; the value too apt to be taken by a purchaser away out in the country somewhere is what he sees the quotations are rather than the intrinsic value which he himself could fix if he had more general information as to the security.

Perhaps I can cite the Steel Corporation securities which you referred to and asked if I felt that publicity was helpful to their dealings. I think most everyone who holds steel securities studies pretty carefully the features of the annual report of the company and knows a great deal about the company's actual condition. I do not know that that obtains so fully in all concerns that are listed on the exchange. It does in the case of a great many. But it is so more or

less voluntarily to-day on the part of the corporation and, to a certain extent, by the rules of the stock exchange.

The State of New Jersey, for instance, issues a license organizing one of these concerns, and that is the last of it. It does not follow it up to see that the permission to exist which has been given on the presentation of certain papers is lived up to in the future, and I do not believe any State can do that when the concern does business all over the face of the earth.

Mr. UNTERMYER. How would you deal with the question of manipulation of the stocks on the stock exchange, thus creating fictitious values?

Mr. PERKINS. It is a very difficult question. I have never heard anyone give a method that would solve that difficulty.

Mr. UNTERMYER. You have no solution to offer, have you?

Mr. PERKINS. No, sir; it is a form of gambling that is indulged in even down to the farmer who sells his wheat this winter for next fall's delivery.

Mr. UNTERMYER. But that is short selling. I am not speaking of short selling. I am speaking of manipulation of prices. Do you know how that is done?

Mr. PERKINS. I know very little about it.

Mr. UNTERMYER. If you do not know about it, we will let it pass.

Mr. PERKINS. I know the exchange has tried very hard to do its share in that direction.

Mr. UNTERMYER. One of the members of the committee would like to know what, in your judgment, would happen if legislation should be enacted that would prohibit gambling in stocks?

Mr. PERKINS. I think it would be a beneficial thing, if you could draw such a bill and enforce it, in the same way——

Mr. UNTERMYER. Would it release a large amount of the money of the country that is loaned by the banks on these gambling transactions?

Mr. PERKINS. I hardly think that. I am thinking more of it as a moral question and, broadly speaking, as a question that we all realize would be beneficial, to stop gambling anywhere.

Mr. UNTERMYER. Let us look at it from a practical standpoint, rather than entirely from a moral standpoint; because there are a great many things that may be immoral that we can not prevent. From a practical standpoint, do you not know that if speculation or gambling were circumscribed, the capital that is now used in these operations would be released for other purposes?

Mr. PERKINS. I think to a certain extent that is so, generally speaking.

Mr. UNTERMYER. Is not that so absolutely, without qualification; not to a certain extent, but absolutely?

Mr. PERKINS. I was thinking of what you would call gambling. Where are you going to draw the line as to what is gambling? As to gambling pure and simple, I would say yes; but what is gambling on the stock exchange? A good many people have been trying to find that out.

Mr. UNTERMYER. You have an idea what gambling on the stock exchange is, in your own mind, have you not, Mr. Perkins?

Mr. PERKINS. I suppose gambling on the stock exchange is when a man goes in and buys a great lot of stuff that he can not ever think

of paying for, on a very small margin, with the idea that to-morrow he will sell it at one point advance.

Mr. UNTERMYER. In order to make these purchases, he has to have the aid of the banks, does he not, to carry them?

Mr. PERKINS. Or of his broker, or something like that.

Mr. UNTERMYER. He has to have the aid of his broker, who, in turn, has to have the aid of the bank?

Mr. PERKINS. That is the same thing as a man out in Omaha going and buying a lot of real estate in the same way, and——

Mr. UNTERMYER. No, wait a minute. We are not talking about real estate.

Mr. PERKINS. It is all the same thing.

Mr. UNTERMYER. I am not discussing that. I am asking you the question whether or not the man who buys stocks in that way—gambles in that way—for a rise of a point or two, not expecting to pay for the stock, does not have to borrow the money to do that with from his broker, who, in turn, borrows it from the bank?

Mr. PERKINS. He does.

Mr. UNTERMYER. Is not that so?

Mr. PERKINS. Yes; but it is a very temporary affair, whereas in the case of the man who gambles in the real estate transaction, he ties up all that money, and nobody knows how long it will be before it can get out and be used in the community again.

Mr. UNTERMYER. When we want to discuss real estate transactions, Mr. Perkins, we will ask questions about real estate.

Mr. PERKINS. But I am simply saying this——

Mr. UNTERMYER. Let us get on, or we will never get through.

Mr. PERKINS. Then I certainly agree with you that we ought to get on.

Mr. UNTERMYER. Yes. Let us get on. Do you not know that the speculative transaction in Wall Street takes a large part of the capital and resources of the banks?

Mr. PERKINS. I do not know. I am not familiar with that.

Mr. UNTERMYER. You know they do take considerable of that capital, do you not?

Mr. PERKINS. I do not know how much they take. I have never been in touch with that part of the business at all.

Mr. UNTERMYER. You know you can not speculate in stocks and not pay for them without borrowing the money, do you not?

Mr. PERKINS. Yes.

Mr. UNTERMYER. And it is borrowed from the banks?

Mr. PERKINS. I presume that is true.

Mr. UNTERMYER. You know, do you not, that the large banks and trust companies in Wall Street have from 24 to 40 directors in the board?

Mr. PERKINS. They vary.

Mr. UNTERMYER. They are very large boards?

Mr. PERKINS. Yes; some of them.

Mr. UNTERMYER. What is the advantage in a large board of that kind?

Mr. PERKINS. I do not think there is any.

Mr. UNTERMYER. Does it not scatter instead of concentrate responsibility?

Mr. PERKINS. I think it does.

Mr. UNTERMYER. Do you favor small boards?

Mr. PERKINS. I do; and I favor fixing responsibility and making a director attend meetings and certify that he knows the condition of the institution in which he is a director.

Mr. UNTERMYER. That would be promoted by small boards of directors, would it not?

Mr. PERKINS. I think it would. I think it would be very desirable.

Mr. UNTERMYER. I call your attention to the chart that is in evidence as Exhibit No. 134a, which you have seen.

Mr. PERKINS. That is the one I saw on the floor over there; yes.

Mr. UNTERMYER. Also to an explanation of the chart, which is marked Exhibit No. 134c, from which you will note that, taking into the account the deposits of J. P. Morgan & Co. and Drexel & Co., the following seven institutions have total resources of $1,398,000,000 excluding the resources of Morgan & Co., outside of those deposit, as follows: J. P. Morgan & Co., $163,000,000; Guarantee Trust Co., $292,000,000; Bankers Trust Co., $205,000,000; First National Bank, $149,000,000; National City Bank, $274,000,000; Chase National Bank, $125,000,000; National Bank of Commerce, $190,000,000—total, $1,398,000,000.

Further, that the Mutual Life and the Equitable Life Insurance Cos. have combined resources of $1,091,000,000, making a total in these nine institutions alone, without regard to other affiliations, of $2,489,000,000.

Assuming, now, that the situation is as described in Exhibits Nos. 134a and 134c, and assuming further that the business of making the issues of the great interstate corporations has, during the past five years, been conducted mainly on joint account between Messrs. J. P. Morgan & Co., the First National Bank and the National Bank of New York, Lee, Higginson & Co., and Kidder, Peabody & Co., of Boston, and the Illinois Trust & Savings Bank, and the First National Bank of Chicago, as appears on the list now shown you, which you have examined; knowing what you do as to the methods of business and as to the financial power of the affiliations of these banks and banking houses, and their control over financial, railroad, and industrial corporations, please state whether or not, and if so to what extent, this concentration and control of money and credit constitute a peril to the prosperity of the country; and state, also, if you will, the reasons for your conclusion. You have had that question overnight, have you not?

Mr. PERKINS. Yes. You handed that to me last evening. Notwitstanding the fact that I had it, I slept. That question sounds to me a good deal like the old conundrum: "Why does a mouse when it spins?"

Mr. UNTERMYER. Will you be good enough to answer the question?

Mr. PERKINS. I will, Mr. Counsel, to the best of my ability. As I have thought of that question; and looked at these lists that you have there, it seems to me that it boils itself down to what is undue concentration; beyond what point is concentration a peril? And, of course, your figures, as you say, are assumed——

Mr. UNTERMYER. No; they are based on the evidence.

Mr. PERKINS. I say, they are for me to assume.

Mr. UNTERMYER. They are for you to assume, but they are based on the evidence that is here. Assuming that evidence——

Mr. PERKINS. I suppose everyone would agree that, at a certain point, concentrated wealth in the hands of an individual, or of several individuals, is a peril. However, in the shape you have put it there, whether it is a peril or not, I do not know, because I have not had time to investigate the conditions or what is the influence of those conditions.

Mr. UNTERMYER. I understood you to say——

Mr. PERKINS. One moment, if I may finish, now. I have been out of even a connection with this situation that you have described in your question for two complete years, and I would want to think of that very carefully before I said what I felt about it. My own feeling about this question of concentration is that we are up against it to-day in all forms of life. We concentrate more and more our Government here in Washington. We concentrate more and more every day, and that is one reason why I am trying to do the work on the outside that I am trying to do—because it is such a great problem now. I have thought during the recess of your question. You say there that there is an aggregate of two billion or two and a half billions of dollars. Of course, you have not overlooked this thought; that that billion dollars of those insurance companies that you put in there is not money; it is in the form of securities. That is not liquid. However——

Mr. UNTERMYER. Will you not answer directly——

Mr. PERKINS. One moment. I say let us take it all as money.

Mr. UNTERMYER. I do not think we will get on in this fashion at all.

Mr. PERKINS. Yes, I think we will, if you will wait just a moment. I have been trying to answer it, and I am coming right to the point.

You have got $2,300,000,000. That is approximately the value of the crops of this country in one year. Last year if you could have taken all these crops and cashed them and put them somewhere and looked at them as one year's product out of 155 years, it would look small. As you put it up there, it looks very large. I am opposed to concentration of power, whether it be brain power or money power or human energy, in any one place that can produce harm. I think, however, that you have got to study very carefully not only this question of money in drawing your recommendations, but the question of men. You say that they could issue these securities; that they could make issues. If J. Pierpont Morgan should make a bond issue from the desert of Sahara and put his name on it, it would be subscribed probably; not because he is connected with those institutions, but because he has lived an earnest and tremendously strenuous life in the study of these questions for half a century, and the people have bought and bought and bought securities that his name has been put to, and have believed that they came out right.

Mr. UNTERMYER. Sometimes they do and sometimes they do not.

Mr. PERKINS. Sometimes they do and sometimes they do not; but in a large majority—I——

Mr. UNTERMYER. I wish you would answer my question.

Mr. PERKINS. I think I am answering your questions.

Mr. UNTERMYER. But, Mr. Perkins——

Mr. PERKINS. Just a moment. There is your man. Now, what are you going to do with the man? If he was not in New York and had not those affiliations——

Mr. UNTERMYER. Now, Mr. Perkins——

Mr. PERKINS. I will be done in just one minute. The thing lines out in every direction. You take these meetings here at Washington; they have been going on for two or three years, and I have been before most of them, and usually they have been conducted by the committee itself. Now we have concentration—where this committee thinks the thing to do is to get the ablest men in the country to conduct this hearing. That is concentration. It will help this committee, and that is the way to do it. But what are we going to do about it?

Mr. UNTERMYER. I would like to get an answer to my question.

Mr. PERKINS. I am——

The CHAIRMAN. I will come to a ruling. The reason for the committee selecting counsel is because they wanted to present the results of their investigation in logical order and under proper heads.

Mr. PERKINS. Well, can you?

The CHAIRMAN. I think we have done so, and we have retained counsel to assist the committee to gather these facts.

Mr. PERKINS. I think that is a very proper thing.

The CHAIRMAN. We will proceed in order.

Mr. PERKINS. That is the only way to do it.

Mr. UNTERMYER. If you will now be good enough to answer a few questions, maybe we will get along.

Mr. PERKINS. Very well, sir.

Mr. UNTERMYER. I would like to put them.

Mr. PERKINS. Very well.

Mr. UNTERMYER. You say if Messrs. Morgan should make an issue of bonds from the desert of Sahara they would probably be taken?

Mr. PERKINS. I think they would.

Mr. UNTERMYER. Do you know who takes those bonds that are being issued?

Mr. PERKINS. Not now, I do not; I used to know.

Mr. UNTERMYER. Do you not know that they are placed largely among the banks and trust companies that are affiliated with the Messrs. Morgan?

Mr. PERKINS. I do not. As I say, for two years I have been entirely out of that whole thing.

Mr. UNTERMYER. So that you do not know what becomes of those bonds that are issued by the Messrs. Morgan?

Mr. PERKINS. No; I do not.

Mr. UNTERMYER. Suppose you learned that they are underwritten and largely placed by banks and trust companies under their control or affiliated with them, would that in any way modify your statement about the Desert of Sahara?

Mr. PERKINS. No, sir; my first thought would be that they were going to market those through their customers in the ordinary usual course of business.

Mr. UNTERMYER. You mean that these banks and trust companies would market them in the course of time?

Mr. PERKINS. It would be the beginning of this distribution of those securities.

Mr. UNTERMYER. Having had this question over night, and having examined these charts and exhibits, you understand, do you not, that the question of whether this concentration that has been de-

scribed as a peril is predicated on the assumptions contained in the question, do you not?

Mr. PERKINS. I understand that that is the way you have put the questions.

Mr. UNTERMYER. You understand that you are to assume the facts there as having been proven?

Mr. PERKINS. That is what I understand your question to be.

Mr. UNTERMYER. Now, assuming the facts there stated to have been proven, can you tell us whether or not this concentration and control of money and credit that is there described do constitute a peril to the country or not?

Mr. PERKINS. I think you have left out some ingredients in your problem.

Mr. UNTERMYER. Well, taking the ingredients as you have them.

Mr. PERKINS. I would not feel——

Mr. UNTERMYER. One moment. Let me put the question. Taking the ingredients as they are presented to you there, are you able to answer the question?

Mr. PERKINS. I do not think I am.

Mr. UNTERMYER. Very well. Then you can not tell us whether, under the state of facts that are set forth, this concentration and control of credit do constitute a peril, can you?

Mr. PERKINS. No; let me answer that.

Mr. UNTERMYER. I want you to——

Mr. PERKINS. Please let me answer it, because your mind works one way and mine works another.

Mr. UNTERMYER. I would like to have your mind work toward answering the question.

Mr. PERKINS. I will try it, if you will only let me try my way. I am against concentration, as I have stated, that reaches a point of peril. I am very glad that this committee is working on those lines, but whether that thing itself does or does not I am not prepared to state until I have had time to contrast it with a great many other things in the country.

Mr. UNTERMYER. Do you recognize no difference between concentration of power and credit and control that is brought about through a man's own money and the concentration and control of credit that is brought about through the use of other people's money?

Mr. PERKINS. I do; a very great difference. I recognize there is a very great difference.

Mr. UNTERMYER. You understand that this particular concentration and control about which we have been inquiring is one that is brought about through the use of other peoples' deposits, do you not?

Mr. PERKINS. That is the statement; that is clear in your statement.

Mr. UNTERMYER. That is a very different thing, is it not, from a concentration brought about by combinations between people of their different plants, where they all have their own money interested, is it not?

Mr. PERKINS. Yes; in certain bearings of the matter it is.

Mr. UNTERMYER. And it is open to much greater control?

Mr. PERKINS. That is why I believe——

Mr. UNTERMYER. I say it is, is it not?

Mr. PERKINS. Yes; I believe that could be brought about so that the money could be handled to the advantage of the country and not have a peril.

Mr. UNTERMYER. That is, by doing away with concentration?

Mr. PERKINS. Not necessarily; we have seen that in the affairs of our Government we are concentrating more and more every day. Is there a peril in that?

Mr. UNTERMYER. We will not discuss the question of Government.

Mr. PERKINS. But excuse me. I do not believe that is what we have been doing. We have had one thing after another down here in Washington. We started it up in New York with the insurance investigation a few years ago, and, in my judgment, we have gone in every case from the frying pan into the fire. Take these securities that have been transferred to some of these banks and insurance companies. The Armstrong committee in New York objected to the insurance companies taking them, and therefore the banks bought them. Now, they object to the bankers holding them, and the poor securities have no place to rest their heads. Take the Standard Oil Co. It is supposed that we have disintegrated the Standard Oil Co. Are we better off as a people because we have smashed the Standard Oil Co.? Those are some of the things that we have not been able to work out yet.

Mr. UNTERMYER. Well, we are trying to work out our own.

Mr. PERKINS. I do not think you can take this country and readjust all these wonderful questions that are so fascinating by taking one leg of the stool at a time. You will have to have it all standing square when you have finished or something will wabble.

Mr. UNTERMYER. We are still awaiting an answer to the question.

Mr. PERKINS. I hope I have made my best answer.

Mr. UNTERMYER. As to whether you see any peril in this concentration of credit?

Mr. PERKINS. I want to answer your question.

Mr. UNTERMYER. If you do not want to answer it, let us stop.

Mr. PERKINS. I see a peril in concentration, unregulated and unsupervised.

Mr. UNTERMYER. But we do not want to discuss concentration in its abstract. We are asking you questions about concentration of money and credit that is brought about for these particular purposes, and we would like to have you address yourself to that, if you will, assuming that they are stated in this question.

Mr. PERKINS. I do not believe that any man who respects his own opinion and wants to rest on it for a period of years can possibly express a definite judgment on an assumed state of facts that he does not know. That is really my own opinion of my judgment.

Mr. UNTERMYER. Let us see about that. You are not responsible for the assumption.

Mr. PERKINS. Then, I would rather not be connected with an answer.

Mr. UNTERMYER. You are not responsible for the assumptions in the question. You must take them as facts, as established here before this committee. Now, taking them here as facts established before this committee, the question is whether you have any opinion or not as to whether such a concentration is a peril. If you have not, very well; let us say so.

Mr. PERKINS. I have said that I believe concentration can easily be a peril, but I am not willing—I do not see how you can ask me, in three or four hours' deliberation of such a question as that—to express a definite and conclusive opinion on it. I am not willing to trust my judgment to that kind of commitment.

Mr. UNTERMYER. Suppose all the banks and trust companies, the leading ones in New York, were all concentrated in the hands of bankers whose business it was to make issues of securities. You understand?

Mr. PERKINS. I do.

Mr. UNTERMYER. And who use the assets of these banks in connection with those issues. Would you consider that a peril?

Mr. PERKINS. It might easily be that we will come to the time when that will exist.

Mr. UNTERMYER. I am asking you if all the banks and trust companies, or the leading ones in New York, were all concentrated in the hands of bankers whose business it was to make issues of credits and who used the assets of those banks in connection with those issues, whether you would consider that a peril?

Mr. PERKINS. Not if it was a regulated Government transaction.

Mr. UNTERMYER. According to your idea, if one small set of men having control over the industries and railroads were to get control of the leading banks of the country and their assets, you would not consider that a peril?

Mr. PERKINS. I would.

Mr. UNTERMYER. Is not that the situation to-day?

Mr. PERKINS. I do not know. As I say, I have been entirely out of it for more than two years.

Mr. UNTERMYER. You have been out of it?

Mr. PERKINS. Entirely.

Mr. UNTERMYER. Do you know whether it is or is not?

Mr. PERKINS. I do not, and I take it that this committee does not know and that they are trying to find out.

Mr. UNTERMYER. Do not tell the committee what they know.

Mr. PERKINS. No. I say, I take it that we can not find out.

Mr. UNTERMYER. Taking the chart that is before you here, you will notice that it shows twenty-five billions of capital in railroads, industrials, and banks and other great enterprises affiliated with this group of gentlemen. You do not think there is any peril in that situation?

Mr. PERKINS. I think the tendency is a peril, but I do not know enough about it to give you a positive opinion on it.

Mr. UNTERMYER. The tendency is a peril? Why?

Mr. PERKINS. Because I think the Congress of the United States has not been zealous enough in following up the currency and banking laws of this country and to keep abreast of the times, and so the business men have had to go ahead and do the best they can in the absence of that following up.

Mr. UNTERMYER. What advantage would the most perfect currency laws have in doing away with the peril of this concentration, if these gentlemen had the control of the moneyed institutions and of the industrials and railroads of the country? What advantage or protection would the public get from any kind of currency legislation as against that situation?

Mr. PERKINS. I think there would be an enormous protection in the publicity regarding transactions that are properly those that can be spread before the public. Just as I said at the beginning of these investigations, about the steel company's annual report.

Mr. UNTERMYER. We are not talking about publicity, and we will assume, for the purpose of this question, that all of the transactions of these gentlemen are above reproach and can stand the utmost light of publicity, and assuming all that, with such a control over railroads and industrials and banking institutions, do not you see an imminent peril, regardless of any currency legislation, no matter what it may be?

Mr. PERKINS. The difficulty with that question, with all due respect, is that I do not know that that control exists.

Mr. UNTERMYER. You do not know whether it does or not?

Mr. PERKINS. Certainly it never did in my day.

Mr. UNTERMYER. Have you not found in the last two years that there has been a tremendous concentration of money and credit in the financial institutions of New York?

Mr. PERKINS. There has evidently been a development in that direction, but I do not know—you are asking me under oath now to state definite opinions.

Mr. UNTERMYER. You are not in touch with the present situation?

Mr. PERKINS. I am not and have not been for two years.

Mr. UNTERMYER. Then, that is all.

Mr. PERKINS. That is all you want of me?

Mr. UNTERMYER. Yes. Oh, one moment. How long is it since you have been in touch with the situation?

Mr. PERKINS. Between two years and two years and a half.

Mr. UNTERMYER. You recognize that there have been vast changes since then?

Mr. PERKINS. There evidently has been a very rapid growth in these questions, and all other questions.

Mr. UNTERMYER. We will confine ourselves to this.

Mr. PERKINS. And I do hope that the committee will take them all into consideration, for I really believe they can not be separated.

Mr. UNTERMYER. Have you been very much surprised at these figures of deposits of these institutions?

Mr. PERKINS. My attention has never been called to them until you brought them to my attention last night, and it seems to me a very rapid growth.

Mr. UNTERMYER. Have you been very much surprised at the concentration of ownership of holdings, drifting into a few hands?

Mr. PERKINS. That I did not look into so carefully; I have only had a little time, as you know, before this morning, to look at that chart which you made up. And I was not able—it was so elaborate—I was not able to go into it enough to formulate a real opinion about it, and, as I said before, when you contrast what New York is doing, you must contrast it with what the country is doing.

Mr. UNTERMYER. That is all.

Mr. PERKINS. Thank you. Will that be all you wish of me?

Mr. UNTERMYER. Yes.

The CHAIRMAN. We will take a recess at this point.

Whereupon, at 3.20 o'clock p. m., the committee adjourned until to-morrow, Thursday, January 16, 1913, at 11 o'clock a. m.

×

MONEY TRUST INVESTIGATION

INVESTIGATION

OF

FINANCIAL AND MONETARY CONDITIONS IN THE UNITED STATES

UNDER

HOUSE RESOLUTIONS NOS. 429 AND 504

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY

PART 23

WASHINGTON
GOVERNMENT PRINTING OFFICE
1913

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY.

HOUSE OF REPRESENTATIVES.

ARSÈNE P. PUJO, Louisiana, *Chairman.*

WILLIAM G. BROWN, West Virginia.	GEORGE A. NEELEY, Kansas.
ROBERT L. DOUGHTON, North Carolina.	HENRY McMORRAN, Michigan.
HUBERT D. STEPHENS, Mississippi.	EVERIS A. HAYES, California.
JAMES A. DAUGHERTY, Missouri.	FRANK E. GUERNSEY, Maine.
JAMES F. BYRNES, South Carolina.	WILLIAM H. HEALD, Delaware.

R. W. FONTENOT, *Clerk.*
A. M. MCDERMOTT, *Assistant Clerk.*

MONEY TRUST INVESTIGATION.

SUBCOMMITTEE OF THE
COMMITTEE ON BANKING AND CURRENCY,
HOUSE OF REPRESENTATIVES,
Washington, D. C., Thursday, January 16, 1913.

The subcommittee met at 11 o'clock a. m.

Present: Messrs. Pujo (chairman), Daugherty, Guernsey, and McMorran.

Present, also, Samuel Untermyer, Esq., of New York City, counsel for the committee.

The CHAIRMAN. The committee will come to order, and we will resume the taking of testimony.

TESTIMONY OF GEORGE M. REYNOLDS.

The witness was duly sworn by the chairman.

Mr. UNTERMYER. Will you be good enough to state your residence and occupation, Mr. Reynolds?

Mr. REYNOLDS. Chicago, Ill. I am president of the Continental & Commercial National Bank.

Mr. UNTERMYER. How long have you been president of the Continental & Commercial National Bank?

Mr. REYNOLDS. About seven years.

Mr. UNTERMYER. Were you connected with it prior to that, in another capacity?

Mr. REYNOLDS. Yes, sir.

Mr. UNTERMYER. In what capacity?

Mr. REYNOLDS. First as cashier. Afterwards as vice president.

Mr. UNTERMYER. What is the capital and surplus of that bank?

Mr. REYNOLDS. Between thirty and thirty-one million dollars.

Mr. UNTERMYER. How much of that is capital and how much is surplus?

Mr. REYNOLDS. $21,500,000 capital and $9,000,000 surplus and profits.

Mr. UNTERMYER. What were its deposits on the 1st of January of this year?

Mr. REYNOLDS. I do not know that I can give that offhand. I can give you the average deposits for the year.

Mr. UNTERMYER. Very well; that will answer.

Mr. REYNOLDS. $181,000,000.

Mr. UNTERMYER. Have you affiliated with the bank any trust companies or savings banks?

Mr. REYNOLDS. Yes. We have an affiliated trust company and savings bank.

Mr. UNTERMYER. Will you tell us the capital and surplus of the trust company and its deposits, and the capital and surplus of the savings bank and its deposits?

Mr. REYNOLDS. The capital and surplus of the trust company is four and a half million dollars.

Mr. UNTERMYER. How much of that is capital and how much surplus?

Mr. REYNOLDS. $3,000,000 capital and $1,500,000 surplus; about $25,000,000 deposits.

The savings bank has a capital of $1,500,000, and a surplus and profits of $1,500,000; deposits of about $29,000,000, of which $27,000,000 are savings.

Mr. UNTERMYER. The deposits of the savings bank are invested in securities that are required by law, are they not?

Mr. REYNOLDS. Not entirely so. I might answer that yes or no; but you mean to ask me whether or not they are invested in stock exchange bonds or things of that character?

Mr. UNTERMYER. Yes.

Mr. REYNOLDS. Only a moderate amount of it.

Mr. UNTERMYER. What is the amount of the investment there?

Mr. REYNOLDS. We have more commercial paper even in that than we have in securities.

Mr. UNTERMYER. In the savings bank?

Mr. REYNOLDS. Yes, sir.

Mr. UNTERMYER. What proportion of the resources of the savings bank is invested in straight commercial paper?

Mr. REYNOLDS. An average of about $13,000,000 or $14,000,000.

Mr. UNTERMYER. How is it as to your trust company? What are its deposits and how are they invested?

Mr. REYNOLDS. About $25,000,000, and our investment portion of the business is on an average about equal in securities and commercial paper. By commercial paper I mean loans secured by collateral of different kinds, or straight notes.

Mr. UNTERMYER. Is your institution and are its allied institutions purely commercial banks?

Mr. REYNOLDS. Yes, sir.

Mr. UNTERMYER. Catering to the wants of the merchants throughout the country?

Mr. REYNOLDS. Yes. Our national bank is operated under the national bank charter entirely. Our affiliate institutions and trust and savings bank is operated under State charter and under State law, and under State supervision. We can only do what the State banking law permits us to do.

Mr. UNTERMYER. What part of the resources of your national bank is invested in commercial paper?

Mr. REYNOLDS. I can not give you the percentages offhand. I can give you the dollars, approximately.

Mr. UNTERMYER. Very well, if you will.

Mr. REYNOLDS. Our average investment in commercial paper and loans of that character is about $120,000,000 for the entire year.

Mr. UNTERMYER. That is, out of about $200,000,000 resources?

Mr. REYNOLDS. I will qualify that, and make it $130,000,000, out of about $200,000,000 resources.

Mr. UNTERMYER. You are required to keep a 25 per cent reserve, are you not?

Mr. REYNOLDS. We are required to keep a 25 per cent reserve in our vaults, being a central reserve city; but, in addition to that, in order to have balances at New York and other centers which will enable us to write exchange and meet the requirements of the business, we must carry about 15 per cent additional, above our 25 per cent requirement, so that our cash loans will average about 40 per cent, of which 25 per cent are left as reserves in money in our vaults, and the balance is subject to our check with our correspondents.

Mr. UNTERMYER. Deducting that 40 per cent of your resources, leaves how much available for use and investment?

Mr. REYNOLDS. Well, we average around $15,000,000, in bonds and securities of that character.

Mr. UNTERMYER. No, no; deducting 40 per cent from your resources of about $200,000,000 leaves about $160,000,000 available for use, does it not?

Mr. REYNOLDS. Yes, sir.

Mr. UNTERMYER. And of that approximately $160,000,000 you say there are about $130,000,000 that you have liquid in the form of commercial paper?

Mr. REYNOLDS. That is right; yes, sir.

Mr. MAYER. Pardon me, but you made a mathematical error there, Mr. Counsel.

Mr. UNTERMYER. Yes; 40 per cent of $200,000,000 is $80,000,000?

Mr. REYNOLDS. Yes.

Mr. UNTERMYER. That would leave only $120,000,000 available, would it not?

Mr. REYNOLDS. Our assets will average more than $200,000,000.

Mr. UNTERMYER. I see.

Mr. MAYER. About $215,000,000.

Mr. REYNOLDS. Very often our assets will run as high as $220,000,000. I am speaking approximately, because I have no figures before me and I do not pretend to have these figures exactly correct; but that is approximately it.

Mr. UNTERMYER. The point the committee wanted to get at is this: What is the percentage of your resources, after deducting the reserve you keep, that you use in this liquid way for supplying the needs of the merchants throughout the country?

Mr. REYNOLDS. We use practically all of it. We carry an average investment of about $15,000,000 in bonds and securities.

Mr. UNTERMYER. And all the rest of it is for the use of commercial enterprises?

Mr. REYNOLDS. All the rest of it is used in commercial enterprises; and when the demand for money over our counter is not sufficient to employ that money we go to the note brokers and buy what we call commercial paper made by commercial houses all over the United States.

Mr. UNTERMYER. How many directors have you?

Mr. REYNOLDS. Forty-five.

Mr. UNTERMYER. Did you take in other banks?

Mr. REYNOLDS. Yes, sir.

Mr. UNTERMYER. What other bank?

Mr. REYNOLDS. We took in in 1898 the International Bank, its president being an old man. It was all local business, and he sold the business to us. We got a million dollars of deposits, approxi-

mately, from that. About two years later we took in the Globe National Bank, the business of which had not been very successful and the owners of the controlling interest wished to sell. We bought that and got about $2,000,000 net deposits out of that.

Then we took over the National Bank of North America, some four or five years later, out of which we got about $9,000,000 deposits.

In 1909 we bought the business of the American Trust & Savings Bank and put into the national bank about $22,000,000 of commercial deposits which they had.

In 1910 the business of the Commercial National Bank, an old institution which had been operating over 40 years, and the Continental National Bank, was merged, and the name "Continental National Bank" was changed to the "Continental Commercial," and the Commercial National Bank was liquidated and in that merger there was about $62,000,000 of deposits turned over to us.

When I went to Chicago, the deposits of the Continental National Bank were under $10,000,000 at that time—I think about $8,000,000, to be correct—and we have taken in by mergers and consolidations, about $95,000,000 of deposits. On the day upon which I made my computation, I found that we had grown about $86,000,000 in the natural course, through putting one account on top of another, in the period of 16 years that I have been connected with the bank.

In other words, we have grown almost as much in the natural processes, by the addition of account after account, one at a time, in the natural way, as we have by all these consolidations in the period of 16 years.

Mr. UNTERMYER. I notice that in the last statement made by your bank Messrs. McRoberts and Talbert, both of whom are vice presidents of the National City Bank of New York, appear as directors in your bank. Will you tell us whether they are still directors?

Mr. REYNOLDS. They are not.

Mr. UNTERMYER. When did they become disassociated from your directorate?

Mr. REYNOLDS. At the last annual meeting, held on the 14th—two days ago.

Mr. UNTERMYER. Two days ago their connection with your bank was severed?

Mr. REYNOLDS. Yes, sir.

Mr. UNTERMYER. Do you consider that a directorate of 45 men is a wieldy or unwieldy body?

Mr. REYNOLDS. I should regard it as rather unwieldy in a way, and the only reason we have for such a large directorate is because of these consolidations or mergers of which I have just spoken. They have had a certain number of directors, and in making those consolidations it has been our purpose to preserve the good will as well as we could, and for that reason we have kept them all on.

Mr. UNTERMYER. Don't you think it is an unwise method of government to have such a large board?

Mr. REYNOLDS. I would not say that. In our case, while it is rather unwieldy in so far as regular meetings are concerned, we delegate the whole authority of the board between meetings to an executive committee of 15, of which 5 of the officers are members.

Mr. UNTERMYER. Does it not scatter the responsibility too much to have such a large board?

Mr. REYNOLDS. It scatters it, but, on the other hand, the fact that you have an executive committee of 15 gives you a sufficiently large representation and a sufficiently small representation to take care of the business properly.

Mr. UNTERMYER. Then the others are not really in touch with the business?

Mr. REYNOLDS. Not as close as the executive committee.

Mr. UNTERMYRE. But are they in fact in touch with the business at all?

Mr. REYNOLDS. Not real close touch; they could not be.

Mr. UNTERMYER. Are they not largely figureheads to attract business?

Mr. REYNOLDS. I would not want to say that, because they are influential men in the community.

Mr. UNTERMYER. They may be influential figureheads in the corporation, and that is the reason they are taken in.

Mr. REYNOLDS. Largely so, of course.

Mr. UNTERMYER. Don't you think that is a poor system, and it would be better to reduce the directorates of these banks and concentrate the responsibility?

Mr. REYNOLDS. I am frank to say if I were organizing a large bank I would not have its directorate so large; I should think 15 to 17 or 19 might be sufficient. But these directors, you will understand, were retained on the board in order to conserve the good will of all the institutions we took in, and that was the reason for having Mr. Talbert and Mr. McRoberts continued.

Mr. UNTERMYER. Mr. Talbert and Mr. McRoberts were directors for many years before they went to New York?

Mr. REYNOLDS. Yes; for a long time. Mr. Talbert had been vice president of the Commercial National Bank, and they were retained as a matter of courtesy because we did not reduce the board by putting off local men and did not feel we wanted to single them out.

Mr. UNTERMYER. You have about how many accounts, apart from the accounts of banks?

Mr. REYNOLDS. About 11,000 active checking accounts.

Mr. UNTERMYER. That is, in addition to accounts of other banks?

Mr. REYNOLDS. Yes.

Mr. UNTERMYER. Is it a fact that your bank has the largest number of out of town bank accounts in the country?

Mr. REYNOLDS. I think it is generally regarded so. I never have proved the statement.

Mr. UNTERMYER. How many have you?

Mr. REYNOLDS. Pretty close to 5,000; between 4,500 and 5,000.

Mr. UNTERMYER. It appears here that one of the New York banks has 4,200 such accounts; I think it is the Park Bank.

Mr. REYNOLDS. We have about 4,500; between that and 5,000. I do not know the exact number. They are fluctuating every day, anyway, you know.

Mr. UNTERMYER. Many of these accounts you have are those of interstate corporations, are they not?

Mr. REYNOLDS. Yes.

Mr. UNTERMYER. Are any of the members of your board members of the corporations that have accounts with you, to which you lend money?

Mr. REYNOLDS. Yes, I imagine—I could not give you detailed information, but of course many of the accounts that are in our bank have directors who are directors in our bank. I would not know just what they are offhand.

Mr. UNTERMYER. Does your bank lend money to its directors?

Mr. REYNOLDS. Yes.

Mr. UNTERMYER. To its officers?

Mr. REYNOLDS. No, sir; never.

Mr. UNTERMYER. You know there is no prohibition in the law against it.

Mr. REYNOLDS. I know it. I do not regard it as a proper province for an officer to borrow of a bank in which he is an officer.

Mr. UNTERMYER. Do you think it is proper for a director to borrow from his bank?

Mr. REYNOLDS. I do, if he secures it, and his loan is as good as anybody else's is.

Mr. UNTERMYER. Do you not think the law should be changed in this respect, so that directors should not deal with their banks?

Mr. REYNOLDS. I do not. I think it would be a serious mistake.

Mr. UNTERMYER. Do you not think it gives rise, or may give rise, to their approving loans of one another?

Mr. REYNOLDS. There might be something in that, as a possibility. I do not think there is a great deal in it in actual practice. My experience has been that the average bank director whose corporation asks for a loan does not participate in passing judgment upon its securities. That is the rule at our bank. They usually ask to be excused from any consideration of it.

Mr. UNTERMYER. But do you think that cures any evil there may be in it, if there is any?

Mr. REYNOLDS. I think it cures most of the evil, and any other policy would result in having nonresponsible men for bank directors, and I think that the benefit of the wisdom and advice of successful business men as bank directors would much more than overcome the difference.

Mr. UNTERMYER. Would it not be better to reduce the number and have a more concentrated responsibility instead of having a large number of directors who can boorrw a large part of the bank's funds?

Mr. REYNOLDS. I think that would depend upon the way the business is handled, and whether it is handled intelligently, successfully, and skillfully.

Mr. UNTERMYER. What about a law safeguarding the deposits of people against breaches of faith of that kind by making them less likely to occur?

Mr. REYNOLDS. I would have no objection to any law of that kind being passed, so long as it was not a law which would seriously interfere with the automatic and free exchange of business between the bank and the public.

Mr. UNTERMYER. Are you a director in any of the corporate institutions that borrow money from your bank?

Mr. REYNOLDS. No, sir. I am neither a director or stockholder in a single concern that deals with our banks.

Mr. UNTERMYER. That has been a principle of yours?

Mr. REYNOLDS. That has been the principle on which we have conducted our business ever since I have had charge of its management.

Mr. UNTERMYER. Does that apply to the other officers?

Mr. REYNOLDS. That applies to the other officers, too; yes, sir.

Mr. UNTERMYER. That, you think, is a wise business policy, do you not?

Mr. REYNOLDS. I have regarded it so, and it is for that reason that I have followed that policy. I felt I would be free and untrammeled and could exercise the dictates of my own conscience more freely, and that it would at least prove good faith to the public so far as my conduct of the business would be concerned.

Mr. UNTERMYER. Are you a member of the Chicago Clearing House committee?

Mr. REYNOLDS. Yes.

Mr. UNTERMYER. The clearing-house association there is unincorporated, is it not?

Mr. REYNOLDS. Yes; it is voluntary.

Mr. UNTERMYER. What is its membership?

Mr. REYNOLDS. I think 21 members now. I am speaking approximately, because I have not the figures before me. I am not an officer of the association that keeps the records, and therefore this is general information only.

Mr. UNTERMYER. Besides the actual members in the association how many nonmembers are there?

Mr. REYNOLDS. I should judge between 40 and 50 that are clearing through direct members.

Mr. UNTERMYER. Has your association any prohibition, as to the amount of capital, against the admission of members?

Mr. REYNOLDS. No, sir. We require that a bank shall be incorporated under the State or National law.

Mr. UNTERMYER. That is all?

Mr. REYNOLDS. That is all.

Mr. UNTERMYER. And that it shall be solvent?

Mr. REYNOLDS. And that is shall be solvent. Mr. Untermyer, we encourage them all to join the clearing house if we can get them to do it, if they are eligible by reason of being incorporated and solvent. And only recently our committee has appointed a subcommittee that has been making a special effort to induce these outside banks to become members, rather than what we call nonmembers.

Mr. UNTERMYER. Then you would not approve excluding banks that did not happen to have a given capital of say a million dollars or half a million dollars?

Mr. REYNOLDS. Not in our community; no, sir.

Mr. UNTERMYER. You would not approve of it in any community?

Mr. REYNOLDS. No; I do not think I would, so far as my knowledge of general conditions goes.

Mr. UNTERMYER. How many members are there of the Chicago Clearing House committee?

Mr. REYNOLDS. Five.

Mr. UNTERMYER. Who are they?

Mr. REYNOLDS. J. B. Forgan, President of the First National Bank, chairman of the committee; Ernest A. Hamill, President of the Corn Exchange Bank, is vice chairman; Mr. Orson Smith, President of the Merchant's Loan & Trust Co., is a member; John J. Mitchell, President of the Illinois Trust & Savings Bank, and myself. I am the youngest member, I mean the most recently elected.

Mr. UNTERMYER. How many years have you been a member?

Mr. REYNOLDS. Six or seven or eight, possibly; I can not say offhand.

Mr. UNTERMYER. The same committee has existed for many years, has it not?

Mr. REYNOLDS. Yes.

Mr. UNTERMYER. Do the gentlemen constituting that committee represent the five largest banks in Chicago?

Mr. REYNOLDS. They do.

Mr. UNTERMYER. Then is there any representation on the committee of the smaller banks through any member?

Mr. REYNOLDS. No, sir; not through any member.

Mr. UNTERMYER. Some of these gentlemen have been members of clearing-house committee for how many years?

Mr. REYNOLDS. I could not say, but I should say that Mr. Forgan has been the chairman from the time the clearing-house organization had established a committee of this kind.

Mr. UNTERMYER. How long is that?

Mr. REYNOLDS. Probably 15 or 16 years. I may not be technically correct on that.

Mr. UNTERMYER. Whose place did you take on the committee?

Mr. REYNOLDS. James H. Echols, who was president of the Commercial National Bank, and who died.

Mr. UNTERMYER. Then the policy of your association is to retain your committee practically permanently?

Mr. REYNOLDS. Yes, sir; the theory being that their continuous retention on that committee gives them a better knowledge of the general situation and makes them more competent to meet situations as they arise.

Mr. UNTERMYER. Do they run the association, in effect?

Mr. REYNOLDS. In effect; yes.

Mr. UNTERMYER. Has your association a staff of clearing-house examiners?

Mr. REYNOLDS. Yes, sir. I think Chicago was the first city that employed a clearing-house examiner.

Mr. UNTERMYER. When was that done?

Mr. REYNOLDS. I can not remember the exact date, but it was the time of the trouble with the Walsh banks.

Mr. UNTERMYER. How many years ago, about?

Mr. REYNOLDS. About eight years ago, I should say.

Mr. UNTERMYER. Was that due to the fact that you found the Federal investigation inefficient or insufficient?

Mr. REYNOLDS. In that case it was very inefficient. We found the three banks controlled by John R. Walsh in such a deplorable condition that the banks of the city of Chicago collectively guaranteed their deposits and paid them off, and we found such a condition and such a loss to the banks that, to safeguard that for the future, they conceived the idea of appointing an examiner who would keep in touch with these various banks.

Mr. UNTERMYER. How much of a staff has he?

Mr. REYNOLDS. Probably a dozen men.

Mr. UNTERMYER. Do these examinations extend also in like manner to the nonmembers who clear through banks that are members?

Mr. REYNOLDS. They extend to every bank that clears through a member, and to the nonmembers as well as to the members in the same way.

Mr. UNTERMYER. Is there a chief examiner?
Mr. REYNOLDS. Yes.
Mr. UNTERMYER. Does he report to your committee?
Mr. REYNOLDS. He does.
Mr. UNTERMYER. And does he keep records?
Mr. REYNOLDS. He does.
Mr. UNTERMYER. Suppose your committee wanted to ascertain whether a borrower was overextended, would you get that information from those records?
Mr. REYNOLDS. The examiner keeps in his files a card system showing the maximum amount of lines of what he regards as the general borrowers in large amounts. They will not be technically correct, for the reason he will be in one bank at a stated period and maybe two months before in another; but he keeps the maximum of the lines as he finds them in all the banks in Chicago.
Mr. UNTERMYER. If your committee wants to find out to what extent a man is extended in the city of Chicago, they have simply got to go to those records?
Mr. REYNOLDS. The committee has not, to my knowledge, ever made any inquiry. I have, as an individual banker, perhaps, gone to him three or four times to know what these lines were, and I think every other banker has. Every member has the right to do that. I can not ascertain how much any one borrower owes any one bank, but I can know from the records the maximum amount they may owe to all the banks under the examiner's supervision.
Mr. UNTERMYER. You can know his total liabilities to all the Chicago banks?
Mr. REYNOLDS. Yes.
Mr. UNTERMYER. And are these examiners subject to the direction of your committee?
Mr. REYNOLDS. Yes.
Mr. UNTERMYER. Are their records subject to your inspection?
Mr. REYNOLDS. They are.
Mr. UNTERMYER. Are these records of the borrowings kept on cards?
Mr. REYNOLDS. He has a card system, yes, sir, in which he keeps his records. It shows the fluctuations, and as time goes by of course they get to be more valuable by comparison than they are as simply showing the maximum lines.
Mr. UNTERMYER. Do his records also show the collaterals for those different loans?
Mr. REYNOLDS. Not in that file, no; I know nothing about that.
Mr. UNTERMYER. In what file are those kept?
Mr. REYNOLDS. Each bank's reports——
Mr. UNTERMYER. To the clearing house?
Mr. REYNOLDS. No; he does not show that in his report to the clearing house. He writes up a very full report, examines every loan and the collateral, and makes a list and keeps it on file in his office. Then he sends to each member of the committee a general letter giving a résumé of the condition of that bank as he finds it, and if the bank is in good condition, and there is nothing serious or worthy of criticism, it is only in generalities. If, however, the bank should have in its files and among its assets things regarded as dangerous, or upon which the examiner or the committee thinks there

might be a loss, or if the tendency of the management is to put too much money in fixed investments and too little in liquid assets, the examiner will bring that to the attention of the clearing house committee.

Mr. UNTERMYER. What I wanted to ascertain was as to the collateral for these loans of borrowers who may be overextended. He has a list of them, has he not?

Mr. REYNOLDS. He has a list in each bank; yes, sir.

Mr. UNTERMYER. And that is available together with the statement of the borrower's indebtedness, is it not?

Mr. REYNOLDS. Any one of the committee could get that if he asked for it. I do not know of its ever being asked for. I never have.

Mr. UNTERMYER. Is it not important, when you are determining whether or not a borrower is overextended, to know to what extent he is protected by collateral?

Mr. REYNOLDS. We do not regard it so. We depend more explicitly upon our own credit department.

Mr. UNTERMYER. But banks that deal largely with finance, and merchants and general commercial credits, would be interested in that, would they not?

Mr. REYNOLDS. There is very little collateral given to such loans as that in our section of the country. It is commercial transactions. You make a loan to a corporation or an individual, and his chief assets consists of goods on the shelves, or accounts receivable, or products in process of manufacture, or completed products in the house not yet sold, and things of that kind. There is rarely ever any collateral.

Mr. UNTERMYER. Does that apply to the large concerns in Chicago that are extensively engaged in financial enterprises?

Mr. REYNOLDS. No, sir.

Mr. UNTERMYER. They deal more with collateral, do they not?

Mr. REYNOLDS. Altogether.

Mr. UNTERMYER. Take, for instance, the First National Bank of Chicago. That is one of those financial concerns, is it not?

Mr. REYNOLDS. I would rather not express an opinion about one of my neighbors.

Mr. UNTERMYER. Perhaps that is so. But there are two or three or a number of large banks and trust companies in Chicago that deal more distinctly with financial operations rather than with merchants and commercial credits, are there not?

Mr. REYNOLDS. I would not say that. Possibly one or two may do as much in that line as they do in commercial credits. I do not think any of the national banks do anything like as much as in a commercial way. We may have one or two trust companies who may operate more along that line than they do in commercial business.

Mr. UNTERMYER. They are affiliated with these national banks, are they not?

Mr. REYNOLDS. The one I have in mind is not affiliated with any institution.

Mr. UNTERMYER. The larger institutions are?

Mr. REYNOLDS. The one I have in mind is the largest, and is not. I should say the second one is affiliated.

Mr. UNTERMYER. That is, affiliated with one of these fiancial banks, as we distinguish them from commercial banks?

YNOLDS. Do not misunderstand me. I do not mean to say
ty company. It is a bank, and operates under a State
llowed to do only such business as the State banking
ermit them to do.
R. I understand, but I am trying to get a dis-
aracter of business. It is a fact, is it not, that there
characters of business, by banks and affiliated trust

LDS. Yes.
MYER. And is it not a fact that one of those is what we
ial business, dealing in securities, the purchase and sale of
of large financial enterprises, and the other is the supplying
mmercial community with credit?
EYNOLDS. You can understand I have a delicacy about ex-
g any opinion which would be applied to my neighbors.
UNTERMYER. We are not discussing your neighbors. We are
ussing a general situation, and I am asking you as to the general
uation.

Mr. REYNOLDS. Yes; I think that is true as to the general situation. I think it is true, too, that all the banks in Chicago do in a very limited way a little of this class of business.

Mr. UNTERMYER. Is it not true some of them do a very large part of this business, a few?

Mr. REYNOLDS. I think there is quite a volume done by some of them; yes, sir.

Mr. UNTERMYER. By two or three of them?

Mr. REYNOLDS. Yes.

Mr. UNTERMYER. Is there any regulation or provision or understanding among the clearing house committee, the members of the Clearing House Association, that an examiner shall not be employed by any member of the association for a reasonable time after severing his connection with the clearing house?

Mr. REYNOLDS. Yes.

Mr. UNTERMYER. What is that regulation?

Mr. REYNOLDS. Five years in our case, I think. The purpose of that was to safeguard against the examiner coming into some institution and using his general information about all the institutions which he would necessarily have obtained in the examinations of the various banks.

Mr. UNTERMYER. I notice from Exhibits 71 and 73 of December 11, 1912, that the Chicago Clearing House Association has a regulation similar to the New York association and other associations, enforcing upon all members and nonmembers the exacting of a fixed rate of commission or compensation for the collection of out-of-town checks. That is true, is it not?

Mr. REYNOLDS. Yes.

Mr. UNTERMYER. When was that put into effect?

Mr. REYNOLDS. About 10 years ago, I think.

Mr. UNTERMYER. Prior to that each of the banks had made its own arrangements with its own customers, had it not?

Mr. REYNOLDS. Yes.

Mr. UNTERMYER. Do your banks allow interest on deposits?

Mr. REYNOLDS. We do to country banks, yes, sir; 2 per cent.

Mr. UNTERMYER. No; but I mean to individuals, as a rule.

Mr. REYNOLDS. Not as a rule, although most large corporation accounts nowadays are subject to 2 per cent interest.

Mr. UNTERMYER. But in your 11,000 accounts, how many are there, should you say, that are interest-bearing accounts?

Mr. REYNOLDS. Possibly 200.

Mr. UNTERMYER. What proportion of your deposits would you say those 200 accounts represented, approximately?

Mr. REYNOLDS. Probably it would not represent to exceed five or six million dollars, in dollars.

Mr. UNTERMYER. Out of about $220,000,000?

Mr. REYNOLDS. Out of $180,000,000 of deposits.

Mr. UNTERMYER. Of that $180,000,000 of deposits, how much, approximately, represents the deposits of banks?

Mr. REYNOLDS. A little over $100,000,000; probably $105,000,000, on an average.

Mr. UNTERMYER. So that you have about $75,000,000 of deposits?

Mr. REYNOLDS. What we call individual deposits; yes, sir.

Mr. UNTERMYER. And you get the use of that money, and you lend it out, of course, at interest?

Mr. REYNOLDS. Yes, sir; a certain percentage of it.

Mr. UNTERMYER. Is there any place in Chicago to which a depositor of your bank can go in competition with you, where he can get his out-of-town checks collected without charge in return for the use of his money by the bank?

Mr. REYNOLDS. Yes; there are some forty or fifty smaller banks in the suburbs scattered around that are not members of the clearing house association to which they could go.

Mr. UNTERMYER. That do not clear through other banks?

Mr. REYNOLDS. That do not clear through other banks; yes, sir.

Mr. UNTERMYER. But they could not accommodate substantial depositors?

Mr. REYNOLDS. No, sir; they could not. They are too small.

Mr. UNTERMYER. As concerns substantial depositors, they could not go to them?

Mr. REYNOLDS. I would say no.

Mr. UNTERMYER. They are all included in the clearing house, are they not?

Mr. REYNOLDS. Yes.

Mr. UNTERMYER. So that the promulgation or enforcement of this rule leaves them, does it not, where they have got to conform to this regulation and pay commissions on the collection of their out-of-town checks?

Mr. REYNOLDS. The members of the clearing house, and the nonmembers; yes, sir. In actual practice, I do not think the outside banks get very much of that business.

Mr. UNTERMYER. You mean the business of that class goes to the clearing-house members and nonmembers?

Mr. REYNOLDS. Yes; it is too large for the others to handle.

Mr. UNTERMYER. How do you justify the clearing house association enforcing upon these banks, the members of it and nonmembers, that they must charge their customers a commission for collecting out-of-town checks, rather than to leave them free to deal with their customers as they see fit?

Mr. REYNOLDS. There might be a good many reasons advanced for that. I suppose, to be perfectly frank, chief among those seasons would be to make money, but in saying that I want to explain that, so far as our own institution is concerned, we lose $190,000 a year on the operation of that department and, in addition, we get no interest on an average amount of money in what we call the transit, which means these checks that are out for collection, amounting to $12,000,000.

Mr. UNTERMYER. On the other hand, before you promulgated this rule you made no charge, did you?

Mr. REYNOLDS. Yes; indeed we did.

Mr. UNTERMYER. Some banks did and some did not?

Mr. REYNOLDS. I do not think any bank had a rule to take them free.

Mr. UNTERMYER. But they did take them free for good customers?

Mr. REYNOLDS. They took some accounts free. Each account was analyzed—or was supposed to be analyzed—and each case was handled on what they regarded as its merits, and that amounted to a great majority paying exchange; but it was not uniform.

Mr. UNTERMYER. Now, why should not the bank now be left free to analyze each account and determine for itself whether the use of the money of that customer was worth doing that business for?

Mr. REYNOLDS. From our point of view we would be very glad to have it that way, because with the large number of par points we have over the country, and our facilities for handling it, we probably could make better terms for accommodation than any other institution.

Mr. UNTERMYER. You just said that it had cost you $190,000.

Mr. REYNOLDS. Yes.

Mr. UNTERMYER. Is that a fair way of putting it?

Mr. REYNOLDS. I think so; yes, sir.

Mr. UNTERMYER. You are getting the use of those customers' money, are you not?

Mr. REYNOLDS. Yes. A great deal of that money, though, comes to us, as I have just stated, from country banks; $105,000,000 of our deposits are country-bank balances.

Mr. UNTERMYER. I am excluding that. I am dealing with the rest of it.

Mr. REYNOLDS. Our figures which I gave you include it all. I have not got it separately. I could not give it to you separately.

Mr. UNTERMYER. You might just as well include your rent and office expenses against the men who left their money with you without interest as to include service account?

Mr. REYNOLDS. No; I would not agree with that.

Mr. UNTERMYER. If a bank is ready to do that business, and if its customer is valuable enough to get his money—the use of it—without interest, why should not the bank be permitted to do that in order to get his money?

Mr. REYNOLDS. Of course, that would involve the discussion of an economic principle. Chief among those reasons, I would say, is because under this method it insures a more conservative method of management of a bank, and it deters a banker from getting his money out of liquid assets and putting it into things that will pay a larger interest than current and liquid assets, and it creates a tend-

ency to get his assets tied up where they would not meet the daily requirements of the public.

Mr. UNTERMYER. Do you mean that the bank would earn its money with less effort?

Mr. REYNOLDS. No; I mean this: We will say a new bank were to be started in Chicago to-day, and that new bank, having very little following, should recognize that the only way it could hope to get business would be to undertake to handle checks of this character at a loss, on the theory that they might charge it to advertising account. It would mean that sooner or later if they did enough of that we would have a bank failure, and a bank failure in a community would leave a blight which would affect everyone. .

Mr. UNTERMYER. Do you not know that out-of-town items are not large enough in amount to have any effect such as that?

Mr. REYNOLDS. They are not enough, alone.

Mr. UNTERMYER. You know that is so, do you not?

Mr. REYNOLDS. Yes.

Mr. UNTERMYER. That business is a trifling item in the whole thing, is it not?

Mr. REYNOLDS. Yes.

Mr. UNTERMYER. And do you not know that the banks all made money before they enforced that, and the only effect of this was to enable them to make more money at the expense of their customers?

Mr. REYNOLDS. I would not say that, because capital invested has got to earn an honest return.

Mr. UNTERMYER. But could not that be regulated by competition rather than by combination?

Mr. REYNOLDS. Perhaps so.

Mr. UNTERMYER. This is a combination, is it not?

Mr. REYNOLDS. I would not want to say that it is a combination.

Mr. UNTERMYER. What argument can you advance, or what fact can you state, in favor of the Clearing House Association enforcing upon these banks the collection of these items instead of leaving them free that would not apply to any violation of law affecting competition?

Mr. REYNOLDS. I think the general supervision which grows out of this examination of the clearing house proper means a higher standard of banking generally.

Mr. UNTERMYER. If you would get together to-morrow in the association and agree to pay no interest on deposits, that would amount to the same thing, would it not; that is, it would enable them to make more money with less risk?

Mr. REYNOLDS. We could not control the deposits, because there would be New York and Omaha and Minneapolis and St. Louis and other cities that would continue to pay interest on deposits.

Mr. UNTERMYER. You mean they would go away from you?

Mr. REYNOLDS. Yes.

Mr. UNTERMYER. That is the reason you do not do it?

Mr. REYNOLDS. That is not the reason wholly, no.

Mr. UNTERMYER. You are afraid of that competition?

Mr. REYNOLDS. No.

Mr. UNTERMYER. Is there any difference between your getting together——

Mr. REYNOLDS. We are not afraid of the competition. We have never even discussed that matter, or thought of it, of leaving off interest entirely.

Mr. UNTERMYER. You know some of the clearing-house associations do attempt to regulate interest charges?

Mr. REYNOLDS. I have heard of one or two in smaller cities; yes, sir.

Mr. UNTERMYER. Is there any more justification for interfering with the freedom of the bank in dealing with its customers in the way of what they shall charge for out-of-town collections than if you were to say to them that they must charge a given rate of interest?

Mr. REYNOLDS. Yes; I think there is a great difference.

Mr. UNTERMYER. Where is the difference, in principle?

Mr. REYNOLDS. That is a matter of opinion largely, I suppose.

Mr. UNTERMYER. Point out, if you will, the difference in principle between enforcing upon the banks one sort of regulation that interferes with their liberty of action in conducting their banks, and enforcing upon them any other regulation that interferes with their liberty.

Mr. REYNOLDS. Is not the policy in any event of management of a bank which is semipublic in its character and has to deal with the public—is not any policy which has a tendency to bring the best results and safeguard the public, in the last analysis, the best, disregarding technically whether it is best to do this thing or that?

Mr. UNTERMYER. In what respect is the integrity of a bank safeguarded by the compelling of a bank to charge a commission for its services which it wants to do and feels able to do without charge and which you say you would be glad to do without charge?

Mr. REYNOLDS. I would answer that question by saying that I regard the attitude of the clearing-house banks in advertising to the world a fixed charge for the transaction of that class of business very much as I look upon the action of countries in passing legislation requiring that railroads should charge the same price for delivering freight from one point to another.

Mr. UNTERMYER. So that you think a bank that does not occupy the public highways and has entirely different relatio s to the public is in the same position as an interstate railroad?

Mr. REYNOLDS. I think it is if it covers every State.

Mr. UNTERMYER. If that is so, why should not the banks be permitted to charge a uniform rate of interest and to regulate the amount of interest they would pay?

Mr. REYNOLDS. Competition, I think, does regulate that to a very great extent.

Mr. UNTERMYER. Why should not competition be permitted to regulate the other?

Mr. REYNOLDS. All right. I have said that I have no objection to it.

Mr. UNTERMYER. You have no objection?

Mr. REYNOLDS. No, sir.

Mr. UNTERMYER. You have no objection to the application of this rule?

Mr. REYNOLDS. No, sir.

Mr. UNTERMYER. You think it is right?

Mr. REYNOLDS. I do, myself.

Mr. UNTERMYER. Very well.

Mr. REYNOLDS. Mr. Untermyer, I stated that our banks carried about $15,000,000 of investment in fixed securities.

Mr. UNTERMYER. Yes.

Mr. REYNOLDS. I only wanted to say that of that $15,000,000 about $5,000,000, in round numbers, represents the stock in the corporation which owns the bank building, and all of the stock of which is owned by our bank.

Mr. UNTERMYER. One of the members of the committee asks me to inquire of you whether it is not the fact that when you say that on this out-of-town collection business your bank loses $190,000 you do not include in that all the time you may be out of the money while the checks are in course of collection?

Mr. REYNOLDS. No, sir.

Mr. UNTERMYER. What do you include?

Mr. REYNOLDS. I include the actual cost of the operation of what we call our transit department, in which we have employed one hundred and twenty-odd million dollars, and the actual expenses, including salaries and stationery and postage and their proportionate expense of the operation of our bank for that department, deducting from it and from the amount that we actually pay out in money in collecting these checks. You understand, of course, that where we send them all over the country we do not collect them free. We have to pay, in the first place, about 80 per cent of the amount that we collect, in round numbers, and you take that cost plus the cost of operating that department, subtracting from it the actual amount charged by us to the public, and it leaves a net loss of $190,000, in round numbers, per annum, without allowing any interest on the $12,000,000 that is constantly tied up in that and from which we get no return.

Mr. UNTERMYER. Suppose you were to make a calculation on the amount you earn on the accounts of those same customers. It would be many times that, would it not?

Mr. REYNOLDS. No; I do not think so; but, of course, it overcomes that cost in the general operation of our business.

Mr. UNTERMYER. Do you mean to say that the amount you earn on the balances of those customers would not be many times that $190,000?

Mr. REYNOLDS. Yes; I should say that it would not be, for this reason——

Mr. UNTERMYER. Never mind about the reason, because if we get reasons for everything we would be here all the week.

Mr. REYNOLDS. All right.

Mr. UNTERMYER. How many times $190,000 would you say you earn on those accounts?

Mr. REYNOLDS. I would have to say that I have never analyzed that, and could not tell you.

Mr. UNTERMYER. You have no conception of that?

Mr. REYNOLDS. No. I was going to say that our earnings in the national bank are approximately $3,000,000. The total net earnings of our entire bank and all its business would be practically 15 times this amount.

Mr. UNTERMYER. Why would you not, with the same degree of justice, and on the same basis of calculation, charge as a loss to the bank all your clerk hire in keeping the accounts of your customers and the bank books and the checks you give them?

Mr. REYNOLDS. We do charge it against every man's account, when we analyze his account.

Mr. UNTERMYER. You do?

Mr. REYNOLDS. Yes, sir.

Mr. UNTERMYER. If a man deposits money, then, with your bank, and gets no interest on it, you, by the same process of reasoning, lose money on his account?

Mr. REYNOLDS. Not all accounts. There are many accounts, however, where that is true, for the reason that a concern that is doing a great deal of interstate business and depositing $40,000 or $50,000 in checks, scattered all over the country, and carrying an average balance of $10,000, according to our books, very frequently results in our having three or four times his balance out, in that way, all the time.

Mr. UNTERMYER. That is not the point at all.

Mr. REYNOLDS. Then I do not understand.

Mr. UNTERMYER. The point is this. If you are going to say you lose money on the customers' accounts because you collect out-of-town checks——

Mr. REYNOLDS. I did not say that we lost money on customers' accounts. I say we lose money in this specific department of our bank.

Mr. UNTERMYER. Yes. If you are going to say you lose money in that specific department, why, by the same process of reasoning, would you not say that you lost money on every account in your bank, because you have to keep clerks in order to take care of it, and you have to issue stationery and print stationery and distribute it.

Mr. REYNOLDS. I think that is true; yes.

Mr. UNTERMYER. You think that is true?

Mr. REYNOLDS. Yes.

Mr. UNTERMYER. Then, when you say you lose $190,000 on this business, you mean that in the sense in which you have lost the expenses in all branches of the business?

Mr. REYNOLDS. Yes. That is right. There is no question about that.

Mr. UNTERMYER. Under the present law you know that the minority stockholders in a national bank have no voice in the bank—in the management of the bank?

Mr. REYNOLDS. Yes.

Mr. UNTERMYER. You understand that?

Mr. REYNOLDS. Yes, sir.

Mr. UNTERMYER. Would you approve of a change in the law that gave minority representation as a matter of right?

Mr. REYNOLDS. I would, from my own point of view. I have never seen any real need for it, however. I would not object to it in the slightest.

Mr. UNTERMYER. What do you mean by saying you have never seen any need of it?

Mr. REYNOLDS. In my own experience I have never seen any division of sentiment among the stockholders on the policy we would pursue.

Mr. UNTERMYER. But you think they should have the right where they have a different point of view, to be represented by their stock?

Mr. REYNOLDS. I do, unqualifiedly.

Mr. UNTERMYER. I forgot to ask you whether you did or did not approve of the incorporation of the clearing house and its subjection to direction and control?

Mr. REYNOLDS. I would approve of it, yes, sir, if some law can be passed through which it can be incorporated without interfering with the free and automatic conduct of the business. I suppose that would follow, as a matter of fact, if it were incorporated.

Mr. UNTERMYER. Would you approve of the incorporation of the clearing-house association that involves strict supervision of its affairs?

Mr. REYNOLDS. Yes; I would approve of it. I have no objection whatever to supervision or publicity of any kind. In fact, the more of it the better.

Mr. UNTERMYER. In your judgment is a clearing house association such as the Chicago Clearing House Association an important link in the financial system of the country?

Mr. REYNOLDS. Yes, sir; I think so.

Mr. UNTERMYER. And your stock exchange is also in that relation to the rest of the country, is it not?

Mr. REYNOLDS. Yes; I think so.

Mr. UNTERMYER. In your judgment, should that be incorporated and subject to legal control?

Mr. REYNOLDS. I know so little, Mr. Untermyer, about the operation of the stock exchange that I would prefer not to express an opinion. It would not be an intelligent opinion from actual knowledge.

Mr. UNTERMYER. I suppose, Mr. Reynolds, that as the president of a great bank you have kept in touch with the very recent trend toward concentration and control of money and credit in the East?

Mr. REYNOLDS. Yes, sir; I have been constantly reminded of it in the last year or so.

Mr. UNTERMYER. You know the extent to which it has gone in the last few years?

Mr. REYNOLDS. I have a general knowledge of it; yes, sir.

Mr. UNTERMYER. Do you or not know the effect that that has on the marketing of securities of the great railroad and other interstate corporations, and the trend of concentration brought about through the concentration of this money and credit?

Mr. REYNOLDS. I have read all that has been adduced at this examination, and a great many other things, and my information in detail is very largely the result of this reading, rather than from personal experience.

Mr. UNTERMYER. But you have information and knowledge of the conditions in New York, for instance, as between the great banking houses. That is a matter of personal knowledge?

Mr. REYNOLDS. Yes; I have a fairly general knowledge of that, I should say.

Mr. UNTERMYER. What should you say as to that concentration of the control of money and credit being a menace to the country?

Mr. REYNOLDS. That involves a very deep question. Personally I am inclined to believe that an excess of power of any kind in the hands of a few men might properly be called a menace. I do not mean to say, by that, that the people who had that control and power have used it improperly. I do not mean to say that at all.

Mr. UNTERMYER. Regardless of the way they have used it for the time being, the question is, is it not, as to the way they can use it?

Mr. REYNOLDS. I think a more wide distribution of the power of credit, if that is what you mean, would really be better in the long run.

Mr. UNTERMYER. Taking the present situation as you find it, Mr. Reynolds, what is your judgment as to whether that situation is a menace?

Mr. REYNOLDS. I am inclined to think that the concentration, having gone to the extent it has, does constitute a menace. I wish again, however, to qualify that by saying that I do not mean to sit in judgment upon anybody who controls that, because I do not pretend to know whether they have used it fairly or honestly or otherwise.

Mr. UNTERMYER. Do you approve of the indentity of directors or interlocking directors in potentially competing institutions?

Mr. REYNOLDS. No, sir; personally, I do not believe that is the best policy. That is the reason I am not a director or a stockholder in any corporation that deals with us. There is hardly a day that I am not invited and do not have opportunity to do it. It has been my theory of the proper method of banking to adhere to that policy.

Mr. UNTERMYER. You have found that you could succeed in that way, too, have you not, Mr. Reynolds?

Mr. REYNOLDS. That is true as to whatever we have done. Some people would say that we have been successful. I am a little modest in that direction.

Mr. UNTERMYER. Have you not the largest deposits in the country?

Mr. REYNOLDS. With one exception, at any rate, yes;

Mr. UNTERMYER. Mr. Reynolds, would you like to explain with respect to the relations of these holding companies to the bank?

Mr. REYNOLDS. We have no holding companies. I would like to have your records mark a distinction between the words "holding companies" and "affiliated institutions," as I have been talking about them.

In explanation of that situation, I would like to say that I hold in my hand here the charter of the Continental National Bank, which was issued by Mr. Knox, Comptroller of the Currency in 1883. The bank was organized at that time with a capital of $2,000,000. It continued to operate under the national-bank laws. Some three or four years ago, finding that we were restricted by the national-bank law to simply a certain line of business, which we can do under that law, and finding that State charters were a little more liberal under our State law, and could do different kinds of business, could deal in bonds and accept trusts and accept savings, we found that now and then a great deal of business that we ought to have was slipping away from us; and in order that we might do the general character of business, such as the requirements of the community brought to our counters, we conceived the idea of connecting with us in some way a trust company which could do this other class of business which we can not do ourselves.

Our stockholders arranged with the stockholders of the American Trust & Savings Bank, which was organized in 1889, and the charter of which I have here and am willing to put in the record if you so desire, to do a general banking business, including a savings business and a trust business, to act as trustees under wills, and handle corporate mortgages, and so on.

After some negotiations we arranged to buy that business. When I say "we," I mean the stockholders of our bank arranged to buy that business. The capital of the American Trust & Savings Bank was $3,000,000. They had deposits of something like $37,000,000 or $38,000,000. The stockholders of our respective banks completed these negotiations along the line of increasing the capital stock of the Continental National Bank from $4,000,000, which it then was, to $9,000,000. That was done through the stockholders of the Continental National Bank subscribing for $2,000,000 of the stock of the Continental and the additional $3,000,000 was issued through the stockholders of the Continental National Bank and by them exchanged with the stockholders of the American Trust & Savings Bank for their $3,000,000 of stock.

The two institutions were continued separately after that, under an agreement between the parties, representing the stockholders of both banks, which agreement I have and which I am willing to leave with you, if you so desire.

Mr. UNTERMYER. That is the same one we have here.

Mr. REYNOLDS. Yes, sir.

Since that time, we have operated both institutions. The commercial business was taken out of the trust company and put into the national bank, to the extent of about $22,000,000.

We continued the American Trust & Savings Bank up to the 1st of August, 1910, when, finding that, with a large volume of business, we had a very small volume of savings, and having an opportunity to secure the business of the Hibernia Savings Association, one of the oldest institutions in Chicago, organized under a private charter in 1861, we made a similar arrangement with them. That is, the stockholders of the Continental National Bank voted to declare a cash dividend of $1,500,000, for which the stock was issued, and which was afterward exchanged by them with the stockholders of the Hibernian banking institution, which was practically a savings institution, with $27,000,000 of savings; and that stock was handled under this agreement—an agreement between two committees of stockholders representing these institutions.

The Continental National Bank has not now, and never had one dollar of its assets invested in these institutions. They are not holding corporations. They have never owned a dollar of stock in any other institution, and we could not, under the state law. We never have owned it.

Mr. UNTERMYER. Does that complete your explanation?

Mr. REYNOLDS. Yes, sir.

Mr. UNTERMYER. Have you ever heard of a great financial institution being run through a voting trust?

Mr. REYNOLDS. Not until I read the proceedings of this committee.

Mr. UNTERMYER. It is in evidence in this case that the Bankers Trust Co. and the Guaranty Trust Co. of New York, two of the great financial institutions of this country, are both operated under voting trusts, with three voting trustees, and that they select the directors, and buy banks and consolidate other institutions with their own under the power that they have under these voting trust agreements.

In your opinion, Mr. Reynolds, as an experienced man in the banking world, do you regard that as a wise method of conducting a financial institution?

Mr. REYNOLDS. I have never seen these trust agreements and therefore am not familiar with them in detail, but only in the most general way. In answer to that question, therefore, I must qualify it by saying that while I have a high regard for the people connected with those institutions, I could not agree that I believe that it is the wisest way to handle it. On the contrary, I should not agree with that policy.

Mr. UNTERMYER. You understand that we are not criticizing individuals, but only discussing here and taking evidence as to the system of doing business?

Mr. REYNOLDS. Yes. I have been trying to qualify my testimony in that way all along, so that it could not be construed as referring to or criticizing any individuals.

Mr. UNTERMYER. I have before me a copy of an address delivered by you, or purporting to have been delivered by you, before the National Business Congress. In what year was that? Do you remember?

Mr. REYNOLDS. It was either in 1910 or 1911. I am not sure.

Mr. UNTERMYER. It was in 1911, was it not?

Mr. REYNOLDS. I think it was.

Mr. UNTERMYER. You are reported as having made this statement:

I believe the money power now lies in the hands of a dozen men; and I plead guilty to being one, in the last analysis, of those men.

Was that statement made in connection with a discussion of the currency question?

Mr. REYNOLDS. Yes, sir. My purpose in making that statement, Mr. Untermyer, was this: I talked extemporaneously, and perhaps was not as explicit as I should have been in making my explanation. I have no desire to in any way disclaim responsibility for it, however, because I have reiterated it 50 times since. .

Mr. UNTERMYER. And you believed it?

Mr. REYNOLDS. And I believed it, and still believe it. What I was trying to say was that I did not believe that the bankers of the country generally were combined together and had secret meetings to control and influence this thing called money and credit. What I meant to say was that, under our national banking laws, requiring that the national banks in three central cities should carry a reserve of the national banks of the country, there was a natural concentration of the money power or the power to issue credit against reserve, which they would carry, in the hands of a few men. What I meant by saying that I was one of them was this: Our bank probably carries a larger percentage of accounts of outside banks than any other institution in America, both in number and volume. I meant to say that I was conscious of the responsibility that that thing placed upon me, and was urging currency legislation which would correct any faults that existed.

Mr. UNTERMYER. You also said, in that connection:

I believe that two or three in New York, two or three in Chicago, and two or three in St. Louis could control the question of whether or not loans should be made to correspondents throughout the country.

Mr. REYNOLDS. If there was collusion, I do believe that; yes, sir; if there was collusion.

Mr. UNTERMYER. Had that discussion, or meeting, anything to do with this other question of the concentration of money and credit to which we have been referring?

Mr. REYNOLDS. No, sir; not as investment banking, no, sir.

Mr. UNTERMYER. They are wholly apart from the other question.

Mr. REYNOLDS. Yes, sir. I regard them as two distinctly different kinds of banking.

Mr. UNTERMYER. And they constitute two distinct kinds of menace to the country, do they not?

Mr. REYNOLDS. Yes, sir; I suppose so, if they are menaces.

Mr. UNTERMYER. Don't you think they are both menaces?

Mr. REYNOLDS. Well, I have been advocating the adoption of some legislation which would cure the evils that exist in them, and I am perfectly willing to stand on that.

Mr. UNTERMYER. That is, in the banking system?

Mr. REYNOLDS. Yes; concentration, if there is too much of it, and whatever troubles else may go with it. I am perfectly willing to have adopted such laws as will insure to the masses proper treatment and am perfectly willing to take my chances under the law of competition of getting a reasonable return for my stockholders on the money I handle.

Mr. UNTERMYER. Do you think in the banking world the law of competition is dead?

Mr. REYNOLDS. No; I do not.

Mr. UNTERMYER. And that it ought to be replaced by the law of cooperation?

Mr. REYNOLDS. No.

Mr. UNTERMYER. You do not belong to that particular school?

Mr. REYNOLDS. No, sir; I do not. I do not believe the law of competition will ever be dead.

Mr. UNTERMYER. And you do not think that any body of men should be permitted to kill it, do you?

Mr. REYNOLDS. No; I do not.

Mr. UNTERMYER. Your counsel, Mr. Mayer, would like me to ask what your total net profits are on your capital and surplus.

Mr. REYNOLDS. Well, we run from 10½ per cent to 11 per cent per annum on the total amount of money employed, including capital and surplus. I think this last year it was between 10.60 and 10.70 per cent.

Mr. UNTERMYER. I want to ask you a question or two concerning these so-called reserves of the country banks that are placed in the reserve cities. Are they really reserves?

Mr. REYNOLDS. Well, up to a certain point, there is some duplication. I imagine that is what you mean by the question.

Mr. UNTERMYER. Well, apart from the question of duplication, the country bank is required to have 15 per cent, is it not?

Mr. REYNOLDS. Yes, sir; of which two-fifths must be in its vaults and three-fifths may be with its correspondent, providing its correspondent is a national bank in a reserve city.

Mr. UNTERMYER. That three-fifths amounts to about 9 per cent, does it not?

Mr. REYNOLDS. Yes, sir.

Mr. UNTERMYER. Is that 9 per cent reserve in the hands of this correspondent, or has the correspondent the right to lend three-fourths of it?

Mr. REYNOLDS. The correspondent has the right to lend three-fourths of it, but, on the other hand, the law requiring him in turn to maintain his reserve, I think under the law of averages, would justify the counting of that as a liquid reserve.

Mr. UNTERMYER. I do not see how you figure that out. Let us take your case. You have $100,000,000 of deposits from country banks, have you not?

Mr. REYNOLDS. Yes.

Mr. UNTERMYER. That is three-fifths of their reserves, presumably; we will assume it is.

Mr. REYNOLDS. Well, it would not be three-fifths of their reserves, because the greater bulk of that, in dollars and cents, comes from reserve cities such as Peoria, Des Moines, St. Louis, or Omaha, where they must carry half of their reserve in their vaults, 12½ per cent.

Mr. UNTERMYER. Leaving that aside, of that $100,000,000, you have the right to invest $75,000,000, have you not?

Mr. REYNOLDS. We have the right to do it, we can do it, of course.

Mr. UNTERMYER. You do not do it; you keep your assets liquid?

Mr. REYNOLDS. Yes.

Mr. UNTERMYER. But you know you would have the right to do as appears in other cases, to invest in bonds, would you not?

Mr. REYNOLDS. Yes—well, technically speaking, I doubt whether a national bank has a right to invest anything in bonds except on the action of its board of directors.

Mr. UNTERMYER. Do you not know the New York banks have a large part of their depositors' money invested in bonds?

Mr. REYNOLDS. I know they have a large amount of their depositors' money invested in bonds, but they have the right to invest in bonds, provided their board of directors so authorize.

Mr. UNTERMYER. Suppose the bank is not keeping it liquid, but is lending it out and investing it; that is not a general reserve available, like the money in the vaults of the bank, is it?

Mr. REYNOLDS. No; it is a secondary reserve, and if kept liquid, under the law of averages, it meets every emergency; but if it is not kept liquid, it can not meet emergencies.

Mr. UNTERMYER. Do you remember what happened in the panic of 1907 with respect to these so-called reserves on deposit in New York?

Mr. REYNOLDS. Yes. I think the same rule would apply to any city.

Mr. UNTERMYER. Well, what happened to them? Could the banks get them?

Mr. REYNOLDS. We did not have any difficulty in getting our reserves out through the use of checks. We could not get it out in currency, and no more could we give our currency to our correspondents.

Mr. UNTERMYER. Then they did not operate as real cash reserves in that time?

Mr. REYNOLDS. No; not in the sense of being cash reserves out of which you could get the cash.

Mr. UNTERMYER. Then they did not act as a reserve in the sense that the law intended, did they?

Mr. REYNOLDS. Probably not. It was an emergency in an unusual case, of course.

Mr. UNTERMYER. One of the members of the committee asks whether you have any method that occurs to you for correcting this vast and growing concentration of money and credit that has come about within the last few years in New York?

Mr. REYNOLDS. I have some ideas on the subject, but that would entail a general discussion of what would be best as a line of policy for currency legislation, and I am——

Mr. UNTERMYER. No; apart from the question of currency legislation, Mr. Reynolds, and without going into that question, have you any defined ideas as to the subject?

Mr. REYNOLDS. No; I would not say I have.

Mr. UNTERMYER. Would not one of those methods be to stop this process of identity of directors and interlocking directors in potentially competing institutions?

Mr. REYNOLDS. I think that would have some tendency to help it; yes, sir; I do.

Mr. UNTERMYER. How about vast stock investments by the same groups of people in competing institutions?

Mr. REYNOLDS. The larger the number of groups that you have that are competing, of course the better the situation would be, I should say. Does that answer your question?

Mr. UNTERMYER. Can you say whether or not in your judgment the situation is accentuated when the people who have the control of these financial institutions are the same people who control the large bond and stock issues of great interstate corporations for which they have to have a market?

Mr. REYNOLDS. Well, I would not personally want to assume the responsibility of passing judgment upon the purchase of securities the sale of which I could control myself.

Mr. UNTERMYER. And you think that is an intolerable situation?

Mr. REYNOLDS. Well, I do not think it is a proper situation.

Mr. UNTERMYER. Suppose a great banking house or a number of great banking houses are the markets of the country for issuing securities, and they also control banks that buy securities. Do you regard that as a proper condition?

Mr. REYNOLDS. I do not, and that is the reason that the policy of our institution has been that I should not be in any companies outside of the bank. We do not try to control any business except through our competition.

Mr. UNTERMYER. That is all, Mr. Reynolds. We are very much obliged to you.

The CHAIRMAN. The committee will resume its session at 2 o'clock, and will take a recess until that hour.

Whereupon, at 12.30 o'clock p. m., a recess was taken until 2 o'clock p. m.

AFTER RECESS.

At the expiration of the recess the hearing was resumed.

STATEMENT OF MR. JACOB H. SCHIFF.

The witness was sworn by the chairman.

Mr. UNTERMYER. Will you be good enough to state your residence and occupation?

Mr. SCHIFF. 52 William Street, New York; banker.

Mr. UNTERMYER. Of what firm are you a member?
Mr. SCHIFF. Kuhn, Loeb & Co.
Mr. UNTERMYER. Are you the senior member of that firm?
Mr. SCHIFF. I am.
Mr. UNTERMYER. What is its membership? Will you be good enough to tell us the members of the firm?
Mr. SCHIFF. Besides myself, there is my son, Mortimer L. Schiff, Otto H. Kahn, Paul M. Warburg, Felix M. Warburg, and Jerome H. Hanauer.
Mr. UNTERMYER. How long has that firm of Kuhn, Loeb & Co. existed under that name?
Mr. SCHIFF. Since 1867.
Mr. UNTERMYER. Do you do an international banking business?
Mr. SCHIFF. We do.
Mr. UNTERMYER. Have you any branch abroad?
Mr. SCHIFF. We have not.
Mr. UNTERMYER. Is your business confined to the issue or underwriting of railroad securities, or do you do a general banking business?
Mr. SCHIFF. A general banking business.
Mr. UNTERMYER. But you are an issuing house, are you not?
Mr. SCHIFF. We are.
Mr. UNTERMYER. Will you be good enough to explain the existing system of underwriting and issuing securities, if there may be said to be such; the general system?
Mr. SCHIFF. The way we do our business is, we always first contract with a railroad company, or a corporation if it is not a railroad company, that has securities to sell. When we have contracted with them and have obligated ourselves to purchase a certain amount of securities or issue of securities, we form an underwriting syndicate which shares the risk of the business with us. We take the risk first and the underwriter afterwards shares it with us.
Mr. UNTERMYER. It takes it off your shoulders?
Mr. SCHIFF. In part, if that is possible. Sometimes times are such, or something happens which means the taking over of an issue of securities, and there is an attempt to form an underwriting syndicate; if anything happens, the risk is our own and we have to carry the load, and we can issue and sell securities. At times that takes very long.
Mr. UNTERMYER. But you do underwrite your risks, as a rule, do you not?
Mr. SCHIFF. Always; practically always.
Mr. UNTERMYER. When you do that, is not the obligation of the underwriting syndicate to take the securities, if you do not sell them?
Mr. SCHIFF. It is.
Mr. UNTERMYER. Now, these underwriting syndicates are made up of what classes of the community? Are they corporations, individuals, or firms, or all of them?
Mr. SCHIFF. So far as our underwriting syndicates go—every house has its own methods and customs—but so far as our underwriting syndicates go, it is practically exclusively composed of firms, corporations, and our foreign correspondents.
We do not, as a rule, offer participation in our syndicates to individuals.
Mr. UNTERMYER. You do not ordinarily offer participation in your syndicates to individuals?

Mr. SCHIFF. It is very exceptional.

Mr. UNTERMYER. Are these firms in which participations are offered usually banking firms or banking houses?

Mr. SCHIFF. To a great extent.

Mr. UNTERMYER. And the corporations to which you offer them are what classes of corporations—financial corporations?

Mr. SCHIFF. Trust companies and banks; but our syndicates are very largely made up from our foreign correspondents. We always only place a part, sometimes an inconsiderable part, in the United States. We very largely place our syndicates abroad.

Mr. UNTERMYER. On the Continent and in England?

Mr. SCHIFF. In England and on the Continent.

Mr. UNTERMYER. Are your underwriters there usually corporations or banking concerns?

Mr. SCHIFF. Banking houses and banks.

Mr. UNTERMYER. Is it customary in underwriting a large issue of securities in New York by large syndicates to have the banks and trust companies as underwriters?

Mr. SCHIFF. I think it is.

Mr. UNTERMYER. Is it customary to have banks and trust companies and insurance companies purchase largely of the securities issued by those international banking houses?

Mr. SCHIFF. Sometimes it is, and sometimes it is not.

Mr. UNTERMYER. Have you a list of underwriters whom you invite to participate in your issue?

Mr. SCHIFF. I think, Mr. Untermyer, we have furnished you as far as we are able to, and wish to, with all the details that you have asked for.

Mr. UNTERMYER. That is not the question. The question is whether you have in your banking house a list of those whom you invite to underwrite. I am not asking you for the list, but have you such a list?

Mr. SCHIFF. I have no doubt that we have. I do not attend to the details of our business, but I have no doubt we have such a list.

Mr. UNTERMYER. You have no doubt you have such a list, and when you undertake an issue, that is the form in which they are invited to participate? Is it by a letter or allotment, or an offer of participation?

Mr. SCHIFF. Generally by an offer. Anybody has a right to decline. Sometimes they are invited to make applications without stating any amount. We do not state any amount in many cases, but they are asked to apply for participation. Some accept and apply, and some decline. Sometimes we offer certain amounts, and it is for the—you may call him the allottee, to accept or decline the amount offered to him.

Mr. UNTERMYER. What should you say, generally, is the extent of this list of underwriters from whom you invite participation, 1,000 men, 1,000 institutions, or 500, or how many?

Mr. SCHIFF. Oh, no; our circle—I could not say; it changes with the size of the business.

Mr. UNTERMYER. That I understand.

Mr. SCHIFF. In smaller bonds we invite no participation at all; in larger bonds we invite a larger list.

Mr. UNTERMYER. But the question is as to the extent of the list that you keep, if you keep one, from which you select.

Mr. SCHIFF. I can not guess at that.

Mr. UNTERMYER. Is it as large as 200 names?

Mr. SCHIFF. I hardly think as many as that.

Mr. UNTERMYER. Can you give us approximately an idea of the extent of the list? I do not mean the list in each case, but the extent of the list from which you issue these invitations to participate?

Mr. SCHIFF. I should simply, as a guess, say from 75 to 125; simply as a guess; I might be mistaken.

Mr. UNTERMYER. And what proportion of those should you say are foreign correspondents and what proportion are New York bankers, banking corporations?

Mr. SCHIFF. That varies with the nature and character of the business. We have sometimes not invited a home participation at all—where the issue is made exclusively abroad. As has been the case in various large amounts of securities we have placed, we do not give any participations at home at all, because our domestic banker or corporation can not assist us in placing it. Whoever is invited is expected to help in the placing of the security, and if the home banker or corporation is not likely to be able to help cooperate, because the security is exclusively destined for a foreign market, only a foreign syndicate is formed.

Mr. UNTERMYER. I do not think you quite understand my question. My question did not relate to what number in any one case, or in any other case, but what I want to find out is approximately the extent of this list from which you select for one or another issue, as divided between foreign correspondents and domestic bankers.

Mr. SCHIFF. Where issues are made and the securities are destined for both markets, or where securities are apportioned between international markets, I should say it is about two-thirds domestic, New York and the domestic market, and one-third abroad.

Mr. UNTERMYER. Does this list of underwriters of the domestic market include banking houses and corporations in cities other than New York.

Mr. SCHIFF. It does.

Mr. UNTERMYER. Have you alliances in these other cities?

Mr. SCHIFF. I can not call them alliances. We have correspondents and friends who cooperate with us, but we are not allied to anybody.

Mr. UNTERMYER. Have you not alliances in the sense that you join with them in occasional issues, and they join with you in occasional issues?

Mr. SCHIFF. We hardly ever have joined in issues of out of town bankers and banking houses. Out of town bankers or banking houses have joined with us in issues.

Mr. UNTERMYER. You mean that they have taken part of an issue, and you have made a joint issue occasionally?

Mr. SCHIFF. Yes, sir.

Mr. UNTERMYER. That is what I mean by an alliance. In that sense of an alliance you have alliances, have you not, in Boston and Chicago?

Mr. SCHIFF. We make alliances for the occasion. We have no standing alliances.

Mr. UNTERMYER. Have you not done considerable joint account business with Lee, Higginson & Co., of Boston?

Mr. SCHIFF. Hardly any. We have done some, but not to any considerable amount.

Mr. UNTERMYER. Were not the telephone bonds, to the extent of about $175,000,000, issued in joint account with them and J. P. Morgan & Co.?

Mr. SCHIFF. I think that was with Kidder, Peabody & Co., and not Higginson & Co.

Mr. UNTERMYER. That was with Kidder, Peabody & Co.?

Mr. SCHIFF. Yes; about five years ago.

Mr. UNTERMYER. And there were three issues, were there not, one of $100,000,000, one of $50,000,000, and one of $25,000,000?

Mr. SCHIFF. My recollection is that there were only two issues. There may have been three.

Mr. UNTERMYER. And is there not an issue now in course of offer to the public, of American Telephone & Telegraph bonds?

Mr. SCHIFF. There is.

Mr. UNTERMYER. Advertised in the last few days?

Mr. SCHIFF. In course of offer to the stockholders; not to the public.

Mr. UNTERMYER. They are in course of offer to the stockholders, and if the stockholders do not take them, are they then to be offered to the public?

Mr. SCHIFF. Then the underwriting syndicate will have to take them, and whether they will offer them to the public or not I do not know.

Mr. UNTERMYER. But it is an issue that is publicly offered to the stockholders?

Mr. SCHIFF. It is going to be publicly offered to the stockholders.

Mr. UNTERMYER. What is the amount of that issue?

Mr. SCHIFF. I believe it is between $60,000,000 and $70,000,000.

Mr. UNTERMYER. It is $67,000,000, is it not?

Mr. SCHIFF. It may be $67,000,000; I do not recall.

Mr. UNTERMYER. Is that a joint-account transaction between Morgan, Kidder, Peabody, and yourselves?

Mr. SCHIFF. It is a joint-account transaction between Morgan's, the First National Bank, the National City Bank, Kidder, Peabody & Co., and Baring Bros., and ourselves.

Mr. UNTERMYER. Baring Bros., of London?

Mr. SCHIFF. Yes.

Mr. UNTERMYER. Take that as an illustration; who made the deal with the company?

Mr. SCHIFF. I believe J. P. Morgan & Co.

Mr. UNTERMYER. And they invited you to participate on joint account with these other houses?

Mr. SCHIFF. They did.

Mr. UNTERMYER. Was there any competition for the bonds?

Mr. SCHIFF. I think you must ask J. P. Morgan & Co.

Mr. UNTERMYER. If you do not know, Mr. Schiff, you may say so.

Mr. SCHIFF. I have not discussed this at all.

Mr. UNTERMYER. So far as you know, was there any competition for the bonds?

Mr. SCHIFF. Possibly there was. I can not answer the question.

Mr. UNTERMYER. So far as you know, was there any?

Mr. SCHIFF. I can not answer the question. I do not know that there was and I do not know that there was not.

Mr. UNTERMYER. Is the method you describe of undervaluing securities substantially the method that is employed by all the great banking houses of this country?

Mr. SCHIFF. I think every banking house has its own method, and I believe it varies to some extent.

Mr. UNTERMYER. But they all offer participations in the way of underwriting to banks and banking houses, do they not, when they have a large issue?

Mr. SCHIFF. In some cases.

Mr. UNTERMYER. How would you describe the banking ethics as between great bankers with respect to interfering with one another's business?

Mr. SCHIFF. I would describe those just as I would describe the ethics in general lines.

Mr. UNTERMYER. Let us have it in this particular regard.

Mr. SCHIFF. I would describe it in this way, that it is not good form to create unreasonable interference or competition. A large banking house or small banking house—there is no difference between a large one and a small one—should respect itself. After the negotiation has once been begun, it should not endeavor to get it away from somebody else. That is not what I call ethics, but it is done.

Mr. UNTERMYER. That is not the point. I am speaking of the ethics with respect to one another's clients or customers. Suppose the Union Pacific Railroad was about to make an issue. Your house are the recognized bankers of the Union Pacific, are you not?

Mr. SCHIFF. Yes, sir.

Mr. UNTERMYER. And of the Southern Pacific?

Mr. SCHIFF. Yes, sir; we have been thus far, but lately the Supreme Court has come between us.

Mr. UNTERMYER. The Supreme Court has not interfered with your business of issuing securities, has it?

Mr. SCHIFF. I do not know how that will develop.

Mr. UNTERMYER. It has given you more business?

Mr. SCHIFF. I do not know how that will develop.

Mr. UNTERMYER. Suppose the Union Pacific wants to make an issue of bonds?

Mr. SCHIFF. Yes.

Mr. UNTERMYER. Would the banking ethics permit of Messrs. Morgan bidding on those bonds?

Mr. SCHIFF. If they are specially invited; I do not know what they would do. The Union Pacific Co. would not like to invite anybody else, because they are satisfied with the way Kuhn, Loeb & Co. have treated them.

Mr. UNTERMYER. Yes; we are talking about the banking ethics. That is a recognized condition, is it not?

Mr. SCHIFF. I do not think that another banking house of the standing of J. P. Morgan & Co. would accept an offer of the Union Pacific Co. to negotiate its securities while it was in the hands of Kuhn, Loeb & Co.

Mr. UNTERMYER. While what was in the hands of Kuhn, Loeb & Co.?

Mr. SCHIFF. The negotiations of the securities for the Union Pacific Railroad Co.

Mr. UNTERMYER. But suppose there was no negotiation in the hands of anybody; would banking ethics permit Messrs. Morgan or any great banking house to ask the Union Pacific for the opportunity of bidding?

Mr. SCHIFF. They would.

Mr. UNTERMYER. And you would not, for instance, if you knew the Southern Railway was going to make an issue of securities, be willing to bid on them, would you?

Mr. SCHIFF. We would not.

Mr. UNTERMYER. In other words, these houses have their recognized clients, have they not?

Mr. SCHIFF. To some extent.

Mr. UNTERMYER. And is it not also recognized that they are their clients, and that they are not to be interfered with?

Mr. SCHIFF. I think that is going a bit too far, because there is very frequently interference or attempted interference.

Mr. UNTERMYER. Has there ever been any interference with your exclusively handling the issues of the Union Pacific Railroad in the last 10 years?

Mr. SCHIFF. Attempts have been made.

Mr. UNTERMYER. Has anybody handled any of their securities in the last 10 years?

Mr. SCHIFF. I do not think so.

Mr. UNTERMYER. Or has anybody other than Morgan & Co. handled the securities of the Southern Railway or the Steel Corporation or the New Haven road or the New York Central, or any one of the many other roads with which they have been identified?

Mr. SCHIFF. Would not J. P. Morgan & Co. be better qualified to answer that than I?

Mr. UNTERMYER. That depends upon what you know about it, Mr. Schiff.

Mr. SCHIFF. I do not know. It may be.

Mr. UNTERMYER. So far as you know, have there been any issues of any of the securities of the companies with which they are identified, except by them?

Mr. SCHIFF. I have very frequently seen advertisements by other houses than J. P. Morgan & Co. of so-called Morgan securities.

Mr. UNTERMYER. What, for instance?

Mr. SCHIFF. Well, let me think. The two issues, some little while ago, of the Steel Corporation—I think one was in January—and some railroads that I do not remember the names of—but two distinct issues of the Steel Corporation. It may be that they came from Morgan's.

Mr. UNTERMYER. Do you not know that they did?

Mr. SCHIFF. I do not know what the relation was. I do not look into other people's business.

Mr. UNTERMYER. Were they steel companies?

Mr. SCHIFF. I think there were some small railway companies.

Mr. UNTERMYER. Was it the Illinoise Steel Co. and the Indiana Steel Co.?

Mr. SCHIFF. Yes; I think that is right.

Mr. UNTERMYER. That is right?

Mr. SCHIFF. I think so.

Mr. UNTERMYER. They were $10,000,000 issues, were they not?

Mr. SCHIFF. That I do not remember.

Mr. UNTERMYER. Do you not know that both of them were issued jointly by J. P. Morgan & Co. and the First National Bank, and in both instances the City Bank?

Mr. SCHIFF. Were they not issued by Kissel, Kinnicut & Co. or some other house? That is my impression.

Mr. UNTERMYER. No; they were not, so far as the record here shows; but Kissel, Kinnicut & Co. is an annex of the Morgan house, is it not?

Mr. SCHIFF. No.

Mr. SCHIFF. No.

Mr. UNTERMYER. Do you not know that they issue securities for Messrs. Morgan that are turned over to them by Messrs. Morgan & Co.?

Mr. SCHIFF. I think they issue securities for any reputable house, or buy securities from any reputable house, out of which they can make a fair profit.

Mr. UNTERMYER. Do you not know——

Mr. SCHIFF. No; we have done very considerable business——

Mr. UNTERMYER. Do you not know they are recognized as friends of J. P. Morgan & Co., through whom bonds are sold and occasional issues made?

Mr. SCHIFF. Occasionally, yes; but just as occasionally they deal with other people.

Mr. UNTERMYER. I do not mean to imply that they only do busigess with J. P. Morgan & Co.; but you know, do you not, that they are known in the Street as doing business for J. P. Morgan & Co. largely and primarily?

Mr. SCHIFF. I can not accede to that. I think a house like Kissel, Kinnecut & Co. and many other similar houses are bond dealers, and they deal with any large house that has large issues for sale which they think are suitable for their clients.

Mr. UNTERMYER. You mean that instead of selling the bonds yourselves the houses sell them through Kissel, Kinnecut & Co.?

Mr. SCHIFF. Sometimes.

Mr. UNTERMYER. Why is that done?

Mr. SCHIFF. Because they have a great number of small clients or small bond purchasers, and are, perhaps, better——

Mr. UNTERMYER. Better distributors?

Mr. SCHIFF. Better qualified to retail a bond. They are not willing to take the large risks. These houses, as a rule, are not willing to take very large issues themselves, and when they issue bonds they generally do not take over, as far as I know, the entire issue. They take a part, and if that part has been sold they take another part. If they do not succeed if they have taken very small parts, generally the originally purchaser has to carry along the balance of the bonds until a market can be found.

Mr. UNTERMYER. They are jobbers, then, in a sense?

Mr. SCHIFF. Yes; they are jobbers, you might say.

Mr. UNTERMYER. And you are a wholesaler or manufacturer?

Mr. SCHIFF. No; we are not manufacturers. We are wholesalers.

Mr. UNTERMYER. The manufacturers are the corporations from whom you get the bonds?

Mr. SCHIFF. The corporations are the makers.

Mr. UNTERMYER. I do not think we have quite exhausted this question of banking ethics. Can you, within your wide range of experience, name any case in which one of the big banking houses has made an issue of securities of a company that was known to be distinctly affiliated with any of the other banking houses, except with the assent of the last-named house?

Mr. SCHIFF. That is a very difficult question to answer.

Mr. UNTERMYER. Do you know of any such instance?

Mr. SCHIFF. Will you please repeat the last part of your question? I can not follow it.

By request, the stenographer repeated the question as follows:

Can you, within your wide range of experience, name any case in which one of the big banking houses has made an issue of securities of a company that was known to be distinctly affiliated with any of the other banking houses, except with the assent of the last-named house?

Mr. SCHIFF. Yes; I can.

Mr. UNTERMYER. What instance?

Mr. SCHIFF. Speyer & Co. have often made an issue of securities which came within our range, and we have made issues of securities which came into their range. More frequently——

Mr. UNTERMYER. They have invaded your field more frequently than you have invaded theirs?

Mr. SCHIFF. Not very frequently, but it has been done. There is a sort of rivalry.

Mr. UNTERMYER. Between you and Speyer & Co.?

Mr. SCHIFF. Between us and Speyer, and certain other houses.

Mr. UNTERMYER. What other houses?

Mr. SCHIFF. White, Weld & Co.

Mr. UNTERMYER. White, Weld & Co. are what you would call jobbers, are they not?

Mr. SCHIFF. When the amount is not very large, they become wholesalers.

Mr. UNTERMYER. But they are ordinarily jobbers who buy and deal with Morgan and with yourself, who buy bonds from you?

Mr. SCHIFF. Not with ourselves. I think that has only been done in one case.

Mr. UNTERMYER. But with Morgan's they handle a large part of the bonds put out by Morgan & Co.?

Mr. SCHIFF. That I do not know. You must ask J. P. Morgan & Co.

Mr. UNTERMYER. Do you not know anything about that?

Mr. SCHIFF. No, sir; I know nothing about it.

Mr. UNTERMYER. Have you any instance in mind in which, in the last five years, you have invaded the field of Messrs. Morgan & Co., or they have invaded yours?

Mr. SCHIFF. I have not.

Mr. UNTERMYER. Or have you in mind any instance in which you have invaded the field of the National City Bank or the First National Bank or in which they have invaded yours?

Mr. SCHIFF. As to the First National Bank, I know we have not. As to the National City Bank, I can not say for certain. I think they would do business to a certain extent even where we are considered the agents, and we would do certain business where they are considered the agents; not to a large extent.

Mr. UNTERMYER. Is not that where the corporation is a customer of both of you? Is not that only the case in which the corporation is claimed to be or regarded as a customer of both of you or either of you?

Mr. SCHIFF. It is in cases where a corporation is regarded as a customer of neither.

Mr. UNTERMYER. That is, in a case in which the field happens to be open?

Mr. SCHIFF. Yes.

Mr. UNTERMYER. But then you would be more likely to cooperate than to compete, would you not?

Mr. SCHIFF. Not necessarily.

Mr. UNTERMYER. But you do cooperate, do you not?

Mr. SCHIFF. Not always.

Mr. UNTERMYER. Do not you and the City Bank cooperate pretty largely in issues of securities?

Mr. SCHIFF. Yes; we do.

Mr. UNTERMYER. And do you not cooperate very largely with Messrs. Morgan & Co. and the First National Bank, too?

Mr. SCHIFF. Not so very largely. We have done very little, comparatively little, except in one or two or perhaps three large transactions. We have done very little joint-account business with Messrs. Morgan & Co. or with the First National Bank.

Mr. UNTERMYER. Let us take an existing instance, that of the reorganization or readjustment of the Hudson Tunnel, the McAdoo tunnel system.

Mr. SCHIFF. Yes, sir.

Mr. UNTERMYER. That is something that is advertised in the morning papers to-day, is it not?

Mr. SCHIFF. Yesterday.

Mr. UNTERMYER. Yesterday or to-day?

Mr. SCHIFF. Yes, sir.

Mr. UNTERMYER. Morgan & Co. and the First National Bank are very largely interested in that enterprise?

Mr. SCHIFF. So I understand.

Mr. UNTERMYER. Do you not know that?

Mr. SCHIFF. I was told so.

Mr. UNTERMYER. You were told so by Messrs. Morgan & Co.?

Mr. SCHIFF. No. I was told so by Harvey, Fiske & Sons.

Mr. UNTERMYER. Do you not know anything about it? You are the senior investment managers of that enterprise, are you not?

Mr. SCHIFF. Yes.

Mr. UNTERMYER. I assume that you know where the s rities are?

Mr. SCHIFF. We do not. We only know in a general way.

Mr. UNTERMYER. You know they are held largely——

Mr. SCHIFF (interposing). We only know in a general way, as far as we have been told by Harvey, Fiske & Sons, who originally placed them.

Mr. UNTERMYER. Do you not know that they placed them with the aid of Morgan & Co. and the First National Bank?

Mr. SCHIFF. They told us so.

Mr. UNTERMYER. Yes. And do you know what proportion of the outstanding bonds are held to-day by Messrs. Morgan & Co. and the First National Bank?

Mr. SCHIFF. I have absolutely no idea.

Mr. UNTERMYER. What is the total issue?

Mr. SCHIFF. The total issue is, I think, something like $67,000,000.

Mr. UNTERMYER. Do you know how they were placed?

Mr. SCHIFF. They were placed in England. We took this up at the request of our English friends.

Mr. UNTERMYER. Did you take it up by understanding with Messrs. Morgan & Co. and the First National Bank?

Mr. SCHIFF. Absolutely not.

Mr. UNTERMYER. You did not do it against their objection, did you?

Mr. SCHIFF. As far as we understand, this is the situation: They first objected to it and did not like it—not because they did not like us to take it up, but because they thought the plan was too drastic; but it appears, or we are told, that they have finally acquiesced in it.

Mr. UNTERMYER. They have acquiesced in the plan?

Mr. SCHIFF. Yes; so I understand; they are going to acquiesce in it.

Mr. UNTERMYER. Thereupon you took it up?

Mr. SCHIFF. No. We made a certain plan, and said: "That is the only plan on which we will take it up, and unless we can be assured that the bondholders will come in with practical unanimity we would not take it up; and we would not take it up on any other plan." And we were assured by Messrs. Fiske & Sons, and by no one else, that the large bondholders and their English friends would come in; but there is no obligation on their part to us.

Mr. UNTERMYER. You knew, did you not, that Messrs. Morgan & Co. and the First National Bank and their affiliations controlled a large part of these bonds? You were so assured?

Mr. SCHIFF. We absolutely never had any conversation or anything else with the First National Bank about it.

Mr. UNTERMYER. But with Morgan?

Mr. SCHIFF. We had a very short conversation with Morgan, simply upon the merits of the plan.

Mr. UNTERMYER. And you knew when you took it up that you took it up with their acquiescence?

Mr. SCHIFF. We would not have taken it up unless—not Morgans had acquiesced, but unless the largest bondholders had acquiesced. If they happened to be large bondholders, they were included in the number; but there was nothing personal to Morgans or anybody else. We only knew bondholders. We knew no others.

Mr. UNTERMYER. But, as a matter of fact, they did acquiesce in it?

Mr. SCHIFF. We were assured they would. They have not yet.

Mr. UNTERMYER. Do you not know the relations of Harvey, Fiske & Sons with the Morgans?

Mr. SCHIFF. I do not.

Mr. UNTERMYER. You do not know how close they have been?

Mr. SCHIFF. I do not.

Mr. UNTERMYER. Do you not know that these bonds were taken by Morgans and placed for them when they were originally issued?

Mr. SCHIFF. I absolutely knew nothing about the details of this whole matter until we came into it about two months ago.

Mr. UNTERMYER. You spoke of the syndicate underwritings?

Mr. SCHIFF. Yes.

Mr. UNTERMYER. Does your firm ever give syndicate underwritings or participations to officers of banks and trust companies?

Mr. SCHIFF. I should say in very, very isolated cases. Only when they are investors, and I might say almost never.

Mr. UNTERMYER. Are you not opposed to that system of inviting officers of banks and trust companies that may acquire these securities to join in these syndicate participations?

Mr. SCHIFF. I think it would be better not to do it.

Mr. UNTERMYER. Where officers of banks are underwriters to the syndicate and the banks of which they are officers afterwards buy the securities, that relieves the underwriters to that extent, does it not?

Mr. SCHIFF. That is naturally the case.

Mr. UNTERMYER. It may be to you, but it may not be generally understood?

Mr. SCHIFF. Certainly.

Mr. UNTERMYER. That is so?

Mr. SCHIFF. Certainly, it does.

Mr. UNTERMYER. And therefore if they are underwriters is not that in the nature of an inducement to them to have their banks take the securities and relieve them from the underwriting?

Mr. SCHIFF. I should think not to an honest man.

Mr. UNTERMYER. You think that because they are underwriters they would not allow their banks to take the securities?

Mr. SCHIFF. I do not think a bank officer, if he takes an interest in a syndicate, would induce his bank to take a part of the securities if he thought it was not in the interest of the bank to do it.

Mr. UNTERMYER. But do you not realize that there is there a subconscious temptation which had better be avoided by not inviting them into these syndicates, where you are going to sell the securities to their banks, and relieve them from their syndicate underwriting?

Mr. SCHIFF. Not being a psychologist, I can not answer that.

Mr. UNTERMYER. I am asking your opinion because you are dealing with these things.

Mr. SCHIFF. I have no opinion.

Mr. UNTERMYER. Do you not think you are somewhat of a psychologist, or that the people are who are inviting these gentlemen into these syndicates?

Mr. SCHIFF. In the case of these officers of banks and trust companies and banking houses, if these gentlemen have acquired some competence they would probably like to go into syndicates, and possibly are offered such participations; but I am quite certain that, amongst New York bank presidents or trust company presidents the sense of honor is generally high enough not to make their companies buy securities simply because they are interested in the syndicate.

I want to add again that as far as Kuhn, Loeb & Co. are concerned, they hardly ever have given interests to bank officers; so that I am only giving an opinion.

Mr. UNTERMYER. Why do you say you think they ought not to have participations in these syndicates if you think it will not affect them?

Mr. SCHIFF. I think it is better, on general principles, as a general proposition, so as not to call forth such thoughts as those to which your question has given expression.

Mr. UNTERMYER. So as to keep them free from temptation; is that it?

Mr. SCHIFF. No; not necessarily, but so as to keep them free from being misjudged by others.

Mr. UNTERMYER. You think you should protect them against that, do you?

Mr. SCHIFF. It would be better.

Mr. UNTERMYER. In that connection, do you remember the occurrences of the insurance excitement of 1906?

Mr. SCHIFF. I think it was in 1905.

Mr. UNTERMYER. In 1905 and 1906, too. You remember the investigation in New York?

Mr. SCHIFF. Yes; I do.

Mr. UNTERMYER. And you remember, do you not, that it was found there that many of the officers of insurance companies participated in underwriting syndicates with which their companies were connected?

Mr. SCHIFF. I do not remember that.

Mr. UNTERMYER. You do not remember such participations and the criticism to which it gave rise?

Mr. SCHIFF. Yes; I think that was the case. I believe that was charged.

Mr. UNTERMYER. That was the subject of criticism and resulted in laws preventing it in insurance companies?

Mr. SCHIFF. I do not know that to-day the president of an insurance company can not participate in a syndicate. I have not heard it.

Mr. UNTERMYER. Have you not heard that he can not participate in any syndicate in which his company buys securities?

Mr. SCHIFF. I really do not know.

Mr. UNTERMYER. Do you not know that the insurance companies were also prohibited from participating in syndicates?

Mr. SCHIFF. Yes; they are.

Mr. UNTERMYER. And that their officers are?

Mr. SCHIFF. That I do not know.

Mr. UNTERMYER. Would you recommend that the rule that has been made applicable to insurance companies in New York State be also made applicable to banks?

Mr. SCHIFF. How far?

Mr. UNTERMYER. In so far as concerns the participation of the banks or their officers in underwriting syndicates for securities?

Mr. SCHIFF. I do not agree with you.

Mr. UNTERMYER. Do you not agree with the law of New York on the subject?

Mr. SCHIFF. I agree with some parts of the so-called Hughes law, but I do not agree that banks and trust companies should not participate in underwriting syndicates. That is their business.

Mr. UNTERMYER. You think the business of a national bank is to underwrite issues of securities?

Mr. SCHIFF. High-grade securities; yes.

Mr. UNTERMYER. The underwriting of those securities involves, does it not, the taking of them and paying for them?

Mr. SCHIFF. It does.

Mr. UNTERMYER. And you think it is a part of the business of a national bank to use its assets in acquiring securities instead of keep-

ing them liquid for the commercial purposes for which a bank is intended to be conducted?

Mr. SCHIFF. I think it would be a perfectly legitimate function of a national bank, always assuming that it is prudently managed; that not a large part of its free assets or its deposits or its capital be locked up in securities.

Mr. UNTERMYER. What proportion, in your judgment, ought to be locked up?

Mr. SCHIFF. I think a very small part of its profits.

Mr. UNTERMYER. What part?

Mr. SCHIFF. It is very difficult to say. That depends upon the judgment of the board of directors. It would apply also to trust companies.

Mr. UNTERMYER. Should you say 10 per cent would be about the amount?

Mr. SCHIFF. I can not say. That is impossible——

Mr. UNTERMYER. Do you know what proportion of the deposits of the Bankers Trust Co., the Guarantee Trust Co., and the City Bank, and the First National Bank, and the Bank of Commerce are locked up to-day in securities, instead of being liquid for the use of their customers?

Mr. SCHIFF. I only know in the case of the City Bank, because I am a director in that. I do not know in the case of the other banks or trust companies.

Mr. UNTERMYER. What proportion of the deposits of the City Bank?

Mr. SCHIFF. If you have their statement, I would take it. I can not know it by heart.

Mr. UNTERMYER. Have you any idea of it?

Mr. SCHIFF. I do not believe that it is more than 15 or 20 per cent, as far as I can remember.

Mr. UNTERMYER. What are its deposits?

Mr. SCHIFF. I think the deposits are about $240,000,000.

Mr. UNTERMYER. Do you know the situation in the First National Bank?

Mr. SCHIFF. No.

Mr. UNTERMYER. Do you know anything about the securities owned by the First National Bank?

Mr. SCHIFF. As far as president of the board of directors is concerned, yes.

Mr. UNTERMYER. Who issued the Consolidated Coal first and refunding fives of 1950.

Mr. SCHIFF. Consolidated Coal? That was a small amount. They were issued, as far as I can remember, by Mr. Saloman and Kissel, Kinnicutt & Co. They were purchased by the National City Bank and ourselves to some extent, and were sold to a subsyndicate, I believe, consisting, as far as I can remember, of Mr. Sullivan and Kissel, Kinnicutt & Co., and Mr. Fleming, of London, and perhaps one or two others whom I do not remember. It was not a very large affair.

Mr. UNTERMYER. Who issued the Consolidated Gas fives of 1912?

Mr. SCHIFF. I believe the National City Bank did. It was their exclusive business. I am not sure.

Mr. UNTERMYER. That is their business—the Consolidated Gas—is it not?

Mr. SCHIFF. Not their business——

Mr. UNTERMYER (interposing). That is, the City Bank.

Mr. SCHIFF. Yes, sir; I believe they are affiliated.

Mr. UNTERMYER. Do you not know that the City Bank are the bankers of the Consolidated Gas Co.?

Mr. SCHIFF. I think they are the bankers for the company.

Mr. UNTERMYER. And do you not know that the company is controlled and managed from the City Bank?

Mr. SCHIFF. I am quite sure it is not controlled by the City Bank.

Mr. UNTERMYER. It is managed from the City Bank, is it not?

Mr. SCHIFF. I think it is controlled by a large number of people. I believe that Mr. Stillman and Mr. Rockefeller and Mr. Brady—who is not at all connected with the City Bank——

Mr. UNTERMYER. Mr. Stillman and Mr. Rockefeller——

Mr. SCHIFF (interposing). I do not think they have a controlling interest in it.

Mr. UNTERMYER. It does not take a controlling interest to control a corporation, does it?

Mr. SCHIFF. I want to say——

Mr. UNTERMYER (interposing). Does it?

Mr. SCHIFF. Anthony Brady——

Mr. UNTERMYER. Will you not answer the question? Does it take a majority of the stock of a great corporation like Consolidated Gas in order to control the management of the corporation, or is that management, in the case of great corporations, frequently and almost universally held by a comparatively small proportion of the stock?

Mr. SCHIFF. I shall answer that in my own way, just as in the case of the Consolidated Gas, in which what I do know I know only by hearsay. I have absolutely no interest in Consolidated Gas. Consolidated Gas is, however, as far as I know, controlled by the so-called Stillman-Rockefeller interests——

Mr. UNTERMYER. That is the City Bank interest, is it not?

Mr. SCHIFF. I do not think the City Bank has anything to do with it.

Mr. UNTERMYER. Mr. Stillman is the head of the City Bank, is he not?

Mr. SCHIFF. He is the nominal chairman of the City Bank, but he lives abroad. He is chairman and lives abroad.

Mr. UNTERMYER. Now, Mr. Schiff——

Mr. SCHIFF. Let me finish my answer and then ask me.

Mr. UNTERMYER. Very well; proceed.

Mr. SCHIFF (continuing). Mr. Anthony Brady and, I believe, Mr. Ryan—at least it was so. Now, if Mr. Stillman wished to exert a control of the Consolidated Gas Co. as against Mr. Brady and possibly Mr. Ryan, it is not said that he could control it.

Mr. UNTERMYER. Do you know who the two largest stockholders in the Consolidated Gas Co. are?

Mr. SCHIFF. I have absolutely no idea.

Mr. UNTERMYER. Do you know who the two largest stockholders in the City Bank are?

Mr. SCHIFF. I suppose Mr. Stillman is the largest stockholder.

Mr. UNTERMYER. Mr. Stillman has 47,498 shares.

Mr. SCHIFF. A very nice investment.

Mr. UNTERMYER. Yes. That is about $18,000,000 in present value, is it not?

Mr. SCHIFF. Something like that.

Mr. UNTERMYER. And Mr. William Rockefeller has 10,000 shares, has he not?

Mr. SCHIFF. That is very interesting to me.

Mr. UNTERMYER. Will you not answer the question, Mr. Schiff?

Mr. SCHIFF. I hold 500 shares in the bank.

Mr. UNTERMYER. I have not asked you that. Now, coming back to the Consolidated Gas, or coming back, rather, to the City Bank, of which you say you are a director, do you know that it has $4,400,000 of those Consolidated Gas bonds?

Mr. SCHIFF. I know that it has a large amount of those bonds.

Mr. UNTERMYER. Do you know how it got them?

Mr. SCHIFF. It took them from the company, no doubt.

Mr. UNTERMYER. You mean by having a large issue, part of which remained undisposed of?

Mr. SCHIFF. I presume it divided it up. I do not know what the whole issue was. It was over a year ago that the issue was made.

Mr. UNTERMYER. Do you know whether or not the assets, the bonds held by the City Bank, consist largely of securities with the issue of which the City Bank was identified?

Mr. SCHIFF. I do not think so.

Mr. UNTERMYER. You see no objection to a national bank being an issuing house for securities?

Mr. SCHIFF. I can see no potent objection to it.

Mr. UNTERMYER. No potent objection?

Mr. SCHIFF. Yes.

Mr. UNTERMYER. Do you not think that it makes the bank responsible, in a sense, for the issues to which its name is signed?

Mr. SCHIFF. Responsible? What do you mean by "responsible?"

Mr. UNTERMYER. I mean responsible to the public.

Mr. SCHIFF. Well, just as much as it makes anybody. Anybody who brings out securities has a certain moral responsibility, but no actual responsibility.

Mr. UNTERMYER. You do not see any distinction, do you, between a private banking house issuing securities and the issuing of securities by a national bank, which is the custodian of the moneys of other people?

Mr. SCHIFF. Yes, I think there are more responsibilities on the private banking house; the responsibility of the private banking house is much larger than the moral responsibility of the bank, which is an abstract person, which is not an individual.

Mr. UNTERMYER. But you see no difference, do you, so far as concerns the propriety of such action by a national bank that is using the money of its depositors in public issues and vouching in a sense for those issues to the public, so that if anything should happen to the security it might destroy confidence in the bank and perhaps lead to a run on it?

Mr. SCHIFF. I think that is a little far-fetched.

Mr. UNTERMYER. I say, you see no such distinction?

Mr. SCHIFF. I really can not say. It depends upon the bank. I mean if a bank is properly managed and carefully managed, I see no objection to its issuing securities.

Mr. UNTERMYER. How are you going to distinguish, if you allow national banks to be issuing houses for securities, between a large and powerful and properly managed bank and a weak, small bank that issues securities which afterwards might turn out badly and lead to a run on the bank?

Mr. SCHIFF. A large bank has larger resources, it has larger reserves, and can probably better sustain the interest of its depositors and of its customers than a small bank.

Mr. UNTERMYER. Then you think national banks should be permitted to be syndicate underwriters, promoters, and issuing houses, do you?

Mr. SCHIFF. I think they should.

Mr. UNTERMYER. You think they should?

Mr. SCHIFF. They should be permitted to do any legitimate banking business.

Mr. UNTERMYER. Any banking business that a private individual can do?

Mr. SCHIFF. Any legitimate business.

Mr. UNTERMYER. I see.

Mr. SCHIFF. I do not think that national banks should engage in stock operations, but high-grade bonds——

Mr. UNTERMYER. But stocks are sometimes better than bonds, are they not?

Mr. SCHIFF. Perhaps you think so.

Mr. UNTERMYER. Are they not?

Mr. SCHIFF. No; I do not think so.

Mr. UNTERMYER. You do not think that stocks are ever better than bonds?

Mr. SCHIFF. I think stocks are always risky. A stock depends on management, and there is always a certain risk involved in buying a stock or issuing a stock.

Mr. UNTERMYER. You do have bonds go wrong, do you not?

Mr. SCHIFF. What is that?

Mr. UNTERMYER. You do know that bonds go wrong sometimes and people lose on them?

Mr. SCHIFF. Yes; but——

Mr. UNTERMYER. Do you not? Will you not answer me?

Mr. SCHIFF. Sometimes——

Mr. UNTERMYER. Will you not answer my question?

Mr. SCHIFF. I will answer it in my own way.

Mr. UNTERMYER. No. Bonds do go wrong, do they not?

Mr. SCHIFF. They ought not to.

Mr. UNTERMYER. But they do?

Mr. SCHIFF. Yes; and men go wrong.

Mr. UNTERMYER. Bonds do go wrong?

Mr. SCHIFF. That happens to everything. A man goes wrong sometimes, too.

Mr. UNTERMYER. Yes; and stocks sometimes do not go wrong?

Mr. SCHIFF. Stocks go wrong much more frequently than bonds.

Mr. UNTERMYER. They do?

Mr. SCHIFF. Yes.

Mr. UNTERMYER. You think they do?

Mr. SCHIFF. Yes.

Mr. UNTERMYER. Then you would allow national banks to promote enterprises for the sale of bonds, for the underwriting of bonds, and for the issue of bonds, but not of stocks; is that right?

Mr. SCHIFF. I would.

Mr. UNTERMYER. And without restrictions?

Mr. SCHIFF. The restrictions that good management lays upon them.

Mr. UNTERMYER. I mean without legal restriction?

Mr. SCHIFF. Without legal restriction; yes.

Mr. UNTERMYER. Does your banking house take deposits? That is, is it a depositary in the sense that Morgan & Co. are?

Mr. SCHIFF. Not as a rule.

Mr. UNTERMYER. That is, you do not carry deposits against checks?

Mr. SCHIFF. No; we do not carry deposits against checks, except small amounts, to accommodate banks.

Mr. UNTERMYER. I mean you do not conduct the business of a bank in the sense of being a depositary of checks?

Mr. SCHIFF. No.

Mr. UNTERMYER. Do you think the officers of a bank should be permitted to borrow from the bank?

Mr. SCHIFF. No; they should not.

Mr. UNTERMYER. You know that there is nothing in the law now to prevent it?

Mr. SCHIFF. I do not know whether there is or not, but I do not think it is generally done.

Mr. UNTERMYER. Will you be good enough to explain the reasons why, in your judgment, officers should not be permitted to borrow from their banks?

Mr. SCHIFF. It might lead to abuse.

Mr. UNTERMYER. And would that answer apply to directors as well as officers?

Mr. SCHIFF. No; it would not apply to them if they are members of large banking houses or of banking houses of strong establishments.

Mr. UNTERMYER. How could you make it apply to one set of directors and not make it apply to another?

Mr. SCHIFF. There is a great difference between officers and directors.

Mr. UNTERMYER. We are not speaking of that difference now. I understood you to say that officers who are directors of banking houses and directors who are not officers of such big banking houses should not be permitted, or did we misunderstand you?

Mr. SCHIFF. I understood your question to mean whether officers of banks should be permitted to borrow from other banks, and I say no.

Mr. UNTERMYER. Now, I ask as to directors. I ask the same question as to whether directors should be permitted to borrow from other banks?

Mr. SCHIFF. Individual directors, no.

Mr. UNTERMYER. For the same reason, I suppose?

Mr. SCHIFF. Not exactly for the same reason.

Mr. UNTERMYER. For what reason?

Mr. SCHIFF. Because they might exert a certain influence in their favor, and it is better not. The general proposition would be it is

better not to. If the indvividual director—be sure to understand me—if the director is a member of a firm, I can see no reason why such firm should not borrow from a bank in which one of its members is a director.

Mr. UNTERMYER. But the borrowing for himself, you think, would be objectionable?

Mr. SCHIFF. In his individual capacity there would be an objection; yes, sir.

Mr. UNTERMYER. You think his firm ought to be permitted to borrow, even though he happens to be a director?

Mr. SCHIFF. Yes.

Mr. UNTERMYER. You know the rule with respect to banks on the other side, do you not, on the Continent, in Germany, say?

Mr. SCHIFF. I am not so sure that I know it.

Mr. UNTERMYER. Do you know whether in Germany the directors are permitted to borrow from other banks?

Mr. SCHIFF. I do not know.

Mr. UNTERMYER. You do not know as to that?

Mr. SCHIFF. No.

Mr. UNTERMYER. They have a somewhat different system over there, have they not, Mr. Schiff?

Mr. SCHIFF. I believe they have, but I do not know exactly the German system. I do not follow it up.

Mr. UNTERMYER. Do you know anything about the English system?

Mr. SCHIFF. Only in a general way.

Mr. UNTERMYER. Do you know that directors there are not directors in any potentially competing banks?

Mr. SCHIFF. I do not know that.

Mr. UNTERMYER. What do you think of changes in the law that will permit the minority stock in a bank to be represented under the cumulative voting system?

Mr. SCHIFF. I am a great believer in the rule of the majority in a representative Government, and I believe that should apply to stock corporations as well as to our Government.

Mr. UNTERMYER. You think the minority in a corporation ought to have no representation whatever, do you?

Mr. SCHIFF. I think it should be given it, but I do not think they should have it as a matter of law.

Mr. UNTERMYER. We are not speaking about what may come from the good graces of the majority, but we are speaking about legal rights.

Mr. SCHIFF. I do not think a minority should be entitled to representation as a matter of law.

Mr. UNTERMYER. You do not, as a matter of right?

Mr. SCHIFF. Not as a matter of law.

Mr. UNTERMYER. I mean as a matter of right; you do not think they should be?

Mr. SCHIFF. I think that any good government of a bank would give the minority, a substantial minority, a representation on their board, but they should not have it as a matter of right.

Mr. UNTERMYER. You think they ought to give it to them?

Mr. SCHIFF. They ought to give it to them; yes, sir.

Mr. UNTERMYER. And if they do not give it to them, you do not think the law ought to compel them to give it; is that it?

Mr. SCHIFF. Yes.

Mr. UNTERMYER. What is your reason for that distinction?

Mr. SCHIFF. Why should the minority rule?

Mr. UNTERMYER. We are not suggesting a minority ruling, but we are suggesting the idea of why a minority should have a minority representation on the board equivalent to its interest in the company.

Mr. SCHIFF. It should not have it.

Mr. UNTERMYER. It should not have any at all?

Mr. SCHIFF. Except by common consent amongst the directors.

Mr. UNTERMYER. Except as a matter of grace; is that right?

Mr. SCHIFF. Yes; as a matter of good business, you might say.

Mr. UNTERMYER. Now, with respect to the purchase of control of one corporation by another, you know, do you not, that a great many of the railroad corporations hold the control of other corporations through a bare majority holding of the stock?

Mr. SCHIFF. As far as the Sherman law will permit.

Mr. UNTERMYER. I say they do hold it, do they not?

Mr. SCHIFF. I believe so; yes, sir.

Mr. UNTERMYER. And you have known of no abuses arising out of that condition, have you?

Mr. SCHIFF. None come to my mind just at present.

Mr. UNTERMYER. Is it your opinion that when one railroad corporation acquires the control of another corporation, it ought to be compelled to acquire all the stock?

Mr. SCHIFF. No; I do not think they should be compelled to.

Mr. UNTERMYER. You think the minority ought to be left to shift for themselves, do you?

Mr. SCHIFF. No; I think the minority should be properly treated.

Mr. UNTERMYER. Yes; but suppose they are not properly treated; what is your suggestion then?

Mr. SCHIFF. I should go to law and see that they are properly treated.

Mr. UNTERMYER. That they should protect their rights by a series of lawsuits; is that it?

Mr. SCHIFF. They should protect their rights, the best way they can.

Mr. UNTERMYER. And that the corporation that acquires the control ought not to be compelled on the same terms to acquire a minority interest?

Mr. SCHIFF. I do not think so.

Mr. UNTERMYER. Why not?

Mr. SCHIFF. Because there is no reason why they should be. I do not think a corporation is anything else than an incorporated number of individuals, and if an individual chooses, for his own benefit and interest, to buy a majority of the stock of some corporation and control it, why should he be compelled to buy it all?

Mr. UNTERMYER. If one corporation buys control of the stock of another corporation, don't you know that it is likely to run and operate that corporation in its interest, rather than in the interest of the controlled company?

Mr. SCHIFF. I should think that proper management would run it in the interest of the stockholders.

Mr. UNTERMYER. Not in the interest of the company that owns it?

Mr. SCHIFF. No.

Mr. UNTERMYER. It never is done, is it?

Mr. SCHIFF. That I do not say.

Mr. UNTERMYER. Well, you know it is, do you not?

Mr. SCHIFF. I do not express opinions.

Mr. UNTERMYER. So you think that one corporation ought to have the right, through a bare majority of the stock, to get the control of another and to run that other corporation in the interest of the controlled company?

Mr. SCHIFF. I do not say anything of the sort.

Mr. UNTERMYER. You do not think that it ought to have imposed on it the condition of acquiring the whole company if it wants to control it?

Mr. SCHIFF. I do not think it should be compelled by law to do that.

Mr. UNTERMYER. Mr. Schiff, are you a director in any bank or banking corporation other than the City Bank?

Mr. SCHIFF. I do not think I am; not in any other bank; no.

Mr. UNTERMYER. Are your partners members in other banks or trust company boards?

Mr. SCHIFF. They are. You asked me about banks.

Mr. UNTERMYER. I mean banks and trust companies.

Mr. SCHIFF. I am a trustee of the Central Trust Co., aside from the City Bank.

Mr. UNTERMYER. You are a member of the finance committee or executive committee?

Mr. SCHIFF. Of the executive committee.

Mr. UNTERMYER. Are those the only two institutions of which you are a director?

Mr. SCHIFF. So far as financial institutions are concerned, yes.

Mr. UNTERMYER. How about the other members of your firm; do you recall as to that?

Mr. SCHIFF. Some of them are members in other banks and trust companies.

Mr. UNTERMYER. In which; do you remember?

Mr. SCHIFF. I think my son, Mr. Mortimer H. Schiff, is a director of the Fourth National Bank and of the United States Mortgage & Trust Co. Mr. Paul Warburg is trustee of the Title Guarantee & Trust Co., and a director of the Bank of Commerce, and also trustee of the United States Mortgage & Trust Co. I think my son is also a director in the Fidelity Bank, a small up-town bank.

Mr. UNTERMYER. Is not one of them in the Equitable Trust?

Mr. SCHIFF. Mr. Otto H. Kahn is a director in the Equitable Trust, yes.

Mr. UNTERMYER. Is it a fact that you and the members of your firm acquired interests in the Fourth National and the Equitable Trust recently, and I think in the United States Mortgage & Trust Co.?

Mr. SCHIFF. I believe in the Equitable Trust one of us has been a director since its foundation; in the Fourth National Bank it would be about three or four years; in the United States Mortgage & Trust probably four or five years, and in the Central Trust probably also three or four years.

Mr. UNTERMYER. Did you not forget about the Bank of Commerce?

Mr. SCHIFF. The Bank of Commerce? We must have been represented there something like 10 years ago.

Mr. UNTERMYER. Mr. Paul Warburg is a director?

Mr. SCHIFF. I used to be a director, but I resigned from it and Mr. Paul Warburg became a director.

Mr. UNTERMYER. Were not these stock interests in the Fourth National and the Equitable Trust and the United States Mortgage & Trust recently acquired or enlarged?

Mr. SCHIFF. I think we have enlarged them from time to time during the past three or four years.

Mr. UNTERMYER. When was the interest in the Bank of Commerce acquired, 4,700 shares?

Mr. SCHIFF. Originally the interest in the Bank of Commerce was acquired, I believe—we were stockholders in the Western National Bank——

Mr. UNTERMYER. I mean this larger interest, did you not acquire an interest recently, when Mr. Baker and Mr. Stillman bought some of the stock?

Mr. SCHIFF. At the time the Mutual Life and Equitable Life sold their stock we acquired an additional interest.

Mr. UNTERMYER. You acquired about 3,000 shares then?

Mr. SCHIFF. Something like that, I should say.

Mr. UNTERMYER. Through whom did you get that?

Mr. SCHIFF. I believe it was taken over, but I do not know by whom the negotiations were conducted. I think we got it either through the City Bank or Morgan's; I don't remember.

Mr. UNTERMYER. The Equitable stock was acquired by Mr. Baker and the Mutual stock by Mr. Stillman. Now do you know through whom you got your stock?

Mr. SCHIFF. It may be, probably, that we got it from both together; they probably divided. I think we had 2,000 shares before, and we bought 3,000 shares more to complete 5,000 shares.

Mr. UNTERMYER. Four thousand seven hundred. You have 4,700?

Mr. SCHIFF. Four thousand seven hundred shares.

Mr. UNTERMYER. And in the Equitable Trust you have how many shares, do you remember? Four thousand six hundred and sixty, is it not?

Mr. SCHIFF. Something like that. I think those are all shares held by individual partners and not for the interest of the bank.

Mr. UNTERMYER. Are they held for the firm?

Mr. SCHIFF. No.

Mr. UNTERMYER. In the Fourth National what is the holding?

Mr. SCHIFF. You have it there?

Mr. UNTERMYER. Three thousand two hundred and fifty-one shares.

Mr. SCHIFF. Also held by individual partners and not for the bank.

Mr. UNTERMYER. The United States Mortgage & Trust Co., 3,940 shares.

Mr. SCHIFF. No doubt that is correct.

Mr. UNTERMYER. Do you know anything about the market prices of those stocks?

Mr. SCHIFF. Those stocks all have only a nominal market price. Quotations, you might say, are not the market price, because you could not buy or sell a large amount.

Mr. UNTERMYER. Do you know what their prices are?

Mr. SCHIFF. About; yes, sir.

Mr. UNTERMYER. The Bank of Commerce, do you know what that is worth?

Mr. SCHIFF. About 200.

Mr. UNTERMYER. And the Equitable Trust?

Mr. SCHIFF. About 545.

Mr. UNTERMYER. The United States Mortgage & Trust Co.?

Mr. SCHIFF. About 475.

Mr. UNTERMYER. Do you think it is proper that banking houses should have seats on the boards of directors and large stock interests in banks and trust companies to which they sell securities?

Mr. SCHIFF. There is no objection. I can see no objection.

Mr. UNTERMYER. Not even if they control the bank?

Mr. SCHIFF. I can see no objection.

Mr. UNTERMYER. Mr. Schiff, do I understand that you see no objection to a banking house selling securities to a bank that is controlled by it?

Mr. SCHIFF. I do not know what you call controlled. I know of no bank or trust company that is absolutely controlled by one banking house.

Mr. UNTERMYER. Don't you know what I mean by control of a bank?

Mr. SCHIFF. I know what you mean by control of a bank—I mean, I know what I mean by control of a bank—that nobody else has anything to say, where the voice of the control is potent, but I know of no such institution.

Mr. UNTERMYER. Take the First National Bank, as an illustration. Do you know what proportion of the stock Messrs. Morgan and Baker hold?

Mr. SCHIFF. I believe I have read it this week in the papers; that was the first thing I heard of it. I don't remember even about that.

Mr. UNTERMYER. Do you know who is in virtual control of the affairs of that bank?

Mr. SCHIFF. I know nothing about the affairs of the First National.

Mr. UNTERMYER. Nothing about it?

Mr. SCHIFF. No.

Mr. UNTERMYER. You have had repeated transactions with them?

Mr. SCHIFF. I know Mr. Hine is president.

Mr. UNTERMYER. I say you have had repeated transactions with them?

Mr. SCHIFF. We have; yes, sir.

Mr. UNTERMYER. And you are dealing with them all the time?

Mr. SCHIFF. Not all the time, but sometimes.

Mr. UNTERMYER. I mean very frequently and in large transactions?

Mr. SCHIFF. Not very frequently, but we sometimes deal with them.

Mr. UNTERMYER. You would see no objection, would you, to Messrs. Morgan and Baker having a joint issue of securities and selling those securities to the First National Bank?

Mr. SCHIFF. To a reasonable amount, I can not see any objection.

Mr. UNTERMYER. Where would you draw the line?

Mr. SCHIFF. Where prudence would dictate.

Mr. UNTERMYER. Who is to be the judge, the man who owns the bank and is selling the security?

Mr. SCHIFF. The executive committee or its directors.

Mr. UNTERMYER. Suppose the executive committee is named by the men who are in control of the bank; where would you draw the line of prudence at which those firms or those people, Morgan and Baker, should sell securities to such a bank?

Mr. SCHIFF. That is a question I can not answer, Mr. Untermyer. That is a question of opinion which I can not answer.

Mr. UNTERMYER. But you would not draw the line by preventing them from doing it, would you?

Mr. SCHIFF. No; I would not prevent them from doing it.

Mr. UNTERMYER. And how far you think they ought to go would depend upon themselves?

Mr. SCHIFF. Well, as far as prudent management dictates. No bank or institution or corporation can succeed or will succeed if it is not prudently managed. Every bank has Government supervision, and the Government should have stringent supervision, and the Comptroller of the Currency, or in the case of the trust companies the bank examiner, should be given the power to lodge an objection if he sees that it is necessary.

Mr. UNTERMYER. Do I understand, then, that it it your idea where one or two people are selling securities to a bank that they virtually control, the point at which they should stop is where the Comptroller of the Currency or the bank superintendent stops them; is that what you mean?

Mr. SCHIFF. I should say the Comptroller of the Currency or the bank examiner, if they buy securities which they should not have bought—and I believe he does it now—would say, "You must resell those, you hold too many of these securities."

Mr. UNTERMYER. Then do I understand the only check you would suggest upon transactions such as I have named or referred to, of people controlling the bank and selling their own securities, is the check of the Comptroller of the Currency or the bank superintendent, dependent upon whether it is a national bank or a State bank?

Mr. SCHIFF. Well, I say in general, yes; but prudent management must have its voice in it. Every bank——

Mr. UNTERMYER. Where does the prudent management come in when the seller and the buyer are the same person?

Mr. SCHIFF. They are not the same person. There is an executive committee, and if that executive committee even is named by those who control the bank, if they are self-respecting gentlemen, and I dare say, in the instance which you name, no other than self-respecting gentlemen would constitute the executive committee——

Mr. UNTERMYER. The instance I named was not intended to point out this bank, but simply by way of illustration. You understand me?

Mr. SCHIFF. I understand. I think any self-respecting gentlemen in an executive committee will make themselves felt in the management and make their voice heard no matter who names them upon the committee.

Mr. UNTERMYER. Then, according to that idea, as long as they are self-respecting gentlemen, you see no objection to their dealing with themselves with the bank's money and with depositors' money?

Mr. SCHIFF. Mr. Untermyer, that is hardly fair to put it that way. I say if they are self-respecting gentlemen they will make their voice heard. These people are not, as far as I can judge, dealing with themselves. They are offering securities to the officers of the bank, and I

should say the officers of the bank, if they are self-respecting, would say that they ought not to have any more, or ought not to have these securities at all; and I am quite sure in the instance which you name the people whom you call the sellers would take no voice in the transaction.

Mr. UNTERMYER. Then, your idea is that the law should not regulate these things at all, but should depend upon these self-respecting gentlemen to regulate themselves? Is that it?

Mr. SCHIFF. I think the less law in such instances the better.

Mr. UNTERMYER. And no law would be better than a little law, so far as the banks and trust companies are concerned. It would be better if there were not law to regulate them at all and they were allowed to conduct such transactions as they saw fit?

Mr. SCHIFF. No; I think there should be a proper supervision, but you can crush the life out of a bank by too much law, and you can make it impossible for them to do the functions for which they exist.

Mr. UNTERMYER. Is there too much law now for the protection of a depositor against the people who manage the bank?

Mr. SCHIFF. I do not think so.

Mr. UNTERMYER. You do not think there is too little, do you?

Mr. SCHIFF. I do not think there is too much. I think that covers the other question.

Mr. UNTERMYER. No; it does not cover the other question——

Mr. SCHIFF. I think with such improvements as experience may dictate there is sufficient safety now to the depositor of national banks. I think that is all you need.

Mr. UNTERMYER. I thought you said a few moments ago that you thought officers should be prohibited from borrowing from other banks.

Mr. SCHIFF. Yes, sir.

Mr. UNTERMYER. There is no such law now, is there?

Mr. SCHIFF. Well, then, make the law.

Mr. UNTERMYER. Do you approve of great banking institutions being governed by a voting trust?

Mr. SCHIFF. I do not.

Mr. UNTERMYER. You think that is wrong?

Mr. SCHIFF. I do not think it is wrong. I think it is better that they should not be.

Mr. UNTERMYER. It is either right or it is wrong, Mr. Schiff. Which is it?

Mr. SCHIFF. Oh, no; a thing may not be advisable, and still may not be wrong.

Mr. UNTERMYER. Why is it inadvisable?

Mr. SCHIFF. Because I am in general against voting trusts. I think——

Mr. UNTERMYER. Are you opposed to voting trusts in railroads?

Mr. SCHIFF. I think the stockholders should have every freedom of action except in certain instances.

Mr. UNTERMYER. Do you see any objection to banking houses engaged in the issue of securities on a large scale controlling or being dominant in banks that buy those securities?

Mr. SCHIFF. I see no objection.

Mr. UNTERMYER. You see no objection, I suppose, either, to interlocking directorates?

Mr. SCHIFF. I do not. I see great advantages in it.

Mr. UNTERMYER. You see great advantage in it?

Mr. SCHIFF. Yes.

Mr. UNTERMYER. It would enable the same director to know what is going on in all the banks that he is competing with, would it not?

Mr. SCHIFF. No.

Mr. UNTERMYER. What is the matter with having the same board of directors in all the banks?

Mr. SCHIFF. I do not think that could be done. I do not think that would be feasible, but——

Mr. UNTERMYER. But it would be a good thing if it could be done?

Mr. SCHIFF. I would not go as far as that.

Mr. UNTERMYER. Let us see where you would draw the line.

Mr. SCHIFF. You asked me if I saw any objection to having interlocking directors; in other words, to having the same man a director in a number of banks. I can see no objection to that.

Mr. UNTERMYER. You see no objection to having the same interests represented in potentially competing institutions?

Mr. SCHIFF. To a moderate extent I would see no objection.

Mr. UNTERMYER. What is the extent that you would call a moderate extent?

Mr. SCHIFF. I do not think that any interest should have a dominant representation in too many institutions.

Mr. UNTERMYER. I would like to know where you are going to draw the line.

Mr. SCHIFF. Dominant. If there are 10 directors and 2 of these directors are directors in three or four institutions, that is not dominant, but when there four or five it is dominant.

Mr. UNTERMYER. Can you not conceive of 2 being more dominant than the other 8 out of 10?

Mr. SCHIFF. I can conceive of almost anything, but that is not likely to be so.

Mr. UNTERMYER. But don't you know there are many cases in which one director is more dominant than any half dozen others?

Mr. SCHIFF. Yes. If you were on the board you probably would be. It depends upon the strength of the man. We do not make brains; brains are created by a higher Power.

Mr. UNTERMYER. Then when you speak of dominance on a board of directors, it does not depend upon the number of directors, does it?

Mr. SCHIFF. Yes; to a very far-reaching extent it does.

Mr. UNTERMYER. Does it not depend largely on the interest of the particular man in the institution and his power and patronage and ability to direct business to that institution and promote its success?

Mr. SCHIFF. No, Mr. Untermyer. Self-respect dominates. It is——

Mr. UNTERMYER. So the most self-respecting man is the dominant man on the board?

Mr. SCHIFF. The number of self-respecting men are the dominant men on the board, because they will not permit things to be done by a few directors or many directors, no matter what their control or interest is, if it is not right to be done.

Mr. UNTERMYER. Suppose it is perfectly right to be done, and still it is not the best thing to be done; for instance, suppose a banking house has a large stock interest and representation on the boards of directors of five or six leading banks and trust companies, and it is

issuing securities which are perfectly good and meritorious, and it wants to put them into all those five or six houses, and they are just as good as some other securities, do you think it is a healthful condition that permits that?

Mr. SCHIFF. It all depends on the extent to which it is done. I can see no objection that bank A, bank B, bank C, bank D, and bank E buy some of the same class of securities.

Mr. UNTERMYER. Through the same influence on the board?

Mr. SCHIFF. I can see no objection to that.

Mr. UNTERMYER. And you can see no objection to their filling up their investments through that source?

Mr. SCHIFF. Yes; I do. Filling up is an entirely different question—an entirely different proposition.

Mr. UNTERMYER. Where would you draw the line, as long as you once permit that sort of thing?

Mr. SCHIFF. Where prudent management would draw it.

Mr. UNTERMYER. And who decides that?

Mr. SCHIFF. The directors and executive committee.

Mr. UNTERMYER. And suppose the dominant people are the same in all the companies, then they decide it for them all, do they not?

Mr. SCHIFF. That is the reason I say there should be no dominant people. There should not be too many directors representing the same interest in the same bank.

Mr. UNTERMYER. Do you believe in large numbers of directors in banks?

Mr. SCHIFF. Not too large.

Mr. UNTERMYER. What is the limit?

Mr. SCHIFF. I think 12 or 15 is a good number for a large institution.

Mr. UNTERMYER. You know some of these banks have from 30 to 40, do you not?

Mr. SCHIFF. I think it is too large.

Mr. UNTERMYER. It scatters responsibility instead of concentrating it?

Mr. SCHIFF. It has that advantage in so far as it brings business.

Mr. UNTERMYER. But it lessens responsibility, does it not?

Mr. SCHIFF. I think it does; yes.

Mr. UNTERMYER. Have you been an interested observer of the concentration and control of money and credit in New York in the last few years?

Mr. SCHIFF. I have.

Mr. UNTERMYER. You have seen it grow very rapidly, have you not?

Mr. SCHIFF. Yes.

Mr. UNTERMYER. And you have seen it drift into fewer and fewer hands, have you not?

Mr. SCHIFF. It has drifted into fewer and fewer corporations.

Mr. UNTERMYER. And the concentration and control of those corporations has drifted into fewer hands, has it not?

Mr. SCHIFF. I am not sure that it has done that.

Mr. UNTERMYER. Do you know anything about it?

Mr. SCHIFF. Well, I think the stock holding in different——

Mr. UNTERMYER. I say, do you know anything about it?

Mr. SCHIFF. Not very closely.

Mr. UNTERMYER. You have not watched it very closely?

Mr. SCHIFF. I think stock holdings in most New York corporations are very well divided.

Mr. UNTERMYER. We are not talking about stock holdings, but about practical control of management as distinguished from stock holding. You see the difference?

Mr. SCHIFF. I see the difference.

Mr. UNTERMYER. It is a very substantial difference, is it not?

Mr. SCHIFF. Yes, sir.

Mr. UNTERMYER. Now, confining yourself to the question of actual practical control of the management of these great moneyed corporations, you have observed, have you not, a growing concentration of control?

Mr. SCHIFF. I have.

Mr. UNTERMYER. And has it been a subject of concern to you?

Mr. SCHIFF. No; it has not.

Mr. UNTERMYER. It would not be a subject of concern to you if it all drifted the same way, would it?

Mr. SCHIFF. I don't fully comprehend what you mean by that.

Mr. UNTERMYER. Well, suppose it went on until the control and management of all the institutions were in the same hands, would that give you any concern?

Mr. SCHIFF. If you will permit me, may I answer that in my own way?

Mr. UNTERMYER. No; I would like to have my question answered

Mr. SCHIFF. Well, I can not answer it.

Mr. UNTERMYER. You can not answer it?

Mr. SCHIFF. No; unless you permit me to answer it in my own way.

Mr. UNTERMYER. You know, do you not, that the Guaranty Trust and the Bankers Trust Co. now represent what were nine trust companies?

Mr. SCHIFF. I do.

Mr. UNTERMYER. And you know where their control is lodged, do you not, through voting trusts?

Mr. SCHIFF. So I understand.

Mr. UNTERMYER. Where do you understand it is lodged?

Mr. SCHIFF. I have read here in the testimony given before this committee that it is largely lodged in the hands of Messrs. Morgan and the First National Bank.

Mr. UNTERMYER. Now, you know also, do you not, that the control of the First National Bank, so far as its management and practical control are concerned, are lodged in the same way?

Mr. SCHIFF. I have always understood that that was in the hands of Mr. Baker and his son and Mr. Hine.

Mr. UNTERMYER. And Mr. Morgan?

Mr. SCHIFF. I only surmise that. I do not know it.

Mr. UNTERMYER. You know, do you not, the close relations between Messrs. Morgan and the First National Bank?

Mr. SCHIFF. I do.

Mr. UNTERMYER. Do you know that they are virtual partners in nearly all their big public business of issuing?

Mr. SCHIFF. They do a great deal of joint-account business.

Mr. UNTERMYER. And you know that of late years the Citk Bank has also joined them in doing a great deal of this, together with those two houses?

Mr. SCHIFF. Yes; but so far as I know, only to a limited extent. There is no close alliance. The City Bank flocks by itself when it wants to.

Mr. UNTERMYER. Don't you know that most of the Morgan issues in the past few years have been made jointly; that is, that the City Bank has participated in them with the First National?

Mr. SCHIFF. I do.

Mr. UNTERMYER. You know, do you not, that Mr. Morgan has personally a large interest in the City Bank?

Mr. SCHIFF. So I have read in the papers this week.

Mr. UNTERMYER. That is all you know about it?

Mr. SCHIFF. That is all I know about it.

Mr. UNTERMYER. Then, all you know about the concentration of control of money and credit in New York is what you see in the newspapers?

Mr. SCHIFF. I have learned a great deal these last few weeks from the testimony given before this committee.

Mr. UNTERMYER. I say, practically all you know about it is what you get from the newspapers?

Mr. SCHIFF. No; that is not the case.

Mr. UNTERMYER. You have been an interested onlooker in this concentration?

Mr. SCHIFF. An observer; yes.

Mr. UNTERMYER. And you have understood the possibility of its affecting you and your own sources of credit, have you not?

Mr. SCHIFF. I have not been concerned in that.

Mr. UNTERMYER. You do not require credit, then?

Mr. SCHIFF. No.

Mr. UNTERMYER. But have you considered its effect upon the small banking houses not so fortunately situated as you, that do require credit?

Mr. SCHIFF. Yes.

Mr. UNTERMYER. You have considered it?

Mr. SCHIFF. Yes.

Mr. UNTERMYER. And have you considered its effect on the ability of the smaller houses to grow and become great issuing houses?

Mr. SCHIFF. Yes.

Mr. UNTERMYER. Have you been engaged for joint account with Messrs. Morgan & Co. and the City Bank in a number of issues of Atchison securities?

Mr. SCHIFF. Not for many years. I do not know that we have ever. I do not think so. I do not remember. It may be, years ago, but I do not remember.

Mr. UNTERMYER. Have you made, recently, a number of joint issues with Morgan & Co., in some of which the City Bank participated, of Chesapeake & Ohio securities?

Mr. SCHIFF. Not for two or three years, I believe.

Mr. UNTERMYER. The last one was in 1911, was it not?

Mr. SCHIFF. That is two years ago.

Mr. UNTERMYER. In January, 1911?

Mr. SCHIFF. Yes.

Mr. UNTERMYER. There were a number of such issues?

Mr. SCHIFF. A few; not very many.

Mr. UNTERMYER. There were 10 of them.

Mr. SCHIFF. Not so many as that.

Mr. UNTERMYER. Yes; 10 of them. You do not remember as to the number?

Mr. SCHIFF. No.

Mr. UNTERMYER. There are nine in which you participated, according to this list.

Mr. SCHIFF. With the Morgans and the City Bank?

Mr. UNTERMYER. The City Bank was only in four of them.

Mr. SCHIFF. I did not know there were as many as that.

Mr. UNTERMYER. The others were between you and Morgan & Co.

Mr. SCHIFF. Some of them were small issues.

Mr. UNTERMYER. Yes; they were small.

Did you participate with the First National Bank in issues of Delaware & Hudson securities?

Mr. SCHIFF. We did.

Mr. UNTERMYER. And with them in the issues of General Motors Co. securities?

Mr. SCHIFF. No; not with the First National Bank.

Mr. UNTERMYER. With whom did you make that issue? With Lee, Higginson & Co.?

Mr. SCHIFF. We did not make the issue. Lee, Higginson & Co. and Seligmans made the issue. We were interested in it, but we did not make the issue.

Mr. UNTERMYER. The First National Bank appears here.

Did you make issues of Illinois Central bonds?

Mr. SCHIFF. Yes.

Mr. UNTERMYER. With whom did you make those issues?

Mr. SCHIFF. I think we made those alone.

Mr. UNTERMYER. An issue of $20,000,000?

Mr. SCHIFF. When was that?

Mr. UNTERMYER (continuing). Of 4 per cent bonds, due in 1955, made November 17, 1908?

Mr. SCHIFF. Perhaps. I do not remember. I think we made it alone.

Mr. UNTERMYER. Did you make a joint issue of New York, Ontario & Western joint mortgage 4 per cent bonds with Messrs. Morgan, September, 1905?

Mr. SCHIFF. I do not think so.

Mr. UNTERMYER. Yes. It was a small issue of $2,000,000.

Mr. SCHIFF. I do not think so. I think we bought those alone.

Mr. UNTERMYER. You think you bought them alone?

Mr. SCHIFF. I think so. There is the statement. I do not know.

Mr. UNTERMYER. Yes. I have the statement.

Did you and Messrs. Morgan & Co., for joint account, make an issue of Pennsylvania Railroad convertible 3½?

Mr. SCHIFF. We did.

Mr. UNTERMYER. Of $100,000,000?

Mr. SCHIFF. We did.

Mr. UNTERMYER. You have presented here, have you not, statements of joint account transactions with the City Bank, Lee, Higginson, and others?

Mr. SCHIFF. I think we did.

Mr. UNTERMYER. You have submitted them here?

Mr. SCHIFF. Yes.

Mr. UNTERMYER. And, if there is no objection, we will have them marked in the record, rather than to ask you all these questions about them.

Mr. SCHIFF. If you would be kind enough.

Mr. UNTERMYER. There is no objection to their being used, is there?

Mr. SCHIFF. No, sir.

The papers were thereupon marked, as a whole, Exhibit No. 200, and will be found at the end of to-day's proceedings.

Mr. UNTERMYER. Mr. Schiff, are you familiar with the operations of the clearing house?

Mr. SCHIFF. Fairly so.

Mr. UNTERMYER. In your opinion, should it be incorporated and made subject to legal control?

Mr. SCHIFF. I think it would be better if the clearing house were incorporated.

Mr. UNTERMYER. Do you know anything about their regulations with respect to the collection of out-of-town checks and that sort of business, or are you unfamiliar with it?

Mr. SCHIFF. I am not familiar with it.

Mr. UNTERMYER. As a director and stockholder in banks and stock companies, Mr. Schiff, do you see any objection to requiring the banks to make public the lists of their assets?

Mr. SCHIFF. The more publicity the bank gives the better it will be.

Mr. UNTERMYER. You see no objection to such publicity as to what their assets are?

Mr. SCHIFF. No; I see no objection.

Mr. UNTERMYER. Do you not see many manifest advantages in it?

Mr. SCHIFF. I do.

Mr. UNTERMYER. Would it not, in your opinion, lead to more careful and conservative management in the selection of their securities?

Mr. SCHIFF. I think it would.

Mr. UNTERMYER. Do you know anything about the nature and extent of the examinations that are now made by the State and National authorities of State and National institutions?

Mr. SCHIFF. In general; not in particular.

Mr. UNTERMYER. You do not know as to their thoroughness or their inefficiency or anything about it?

Mr. SCHIFF. I believe the authority is sufficient, as far as I understand it.

Mr. UNTERMYER. I am not speaking of their authority, but do you know anything as to their thoroughness or their inefficiency?

Mr. SCHIFF. I think they are very efficient.

Mr. UNTERMYER. How do you know?

Mr. SCHIFF. Because I see it in the banks and trust companies in which I am a director. I see the reports especially in the case of the State examinations, as to how carefully they are made. I speak of the report that is made to the directors, direct, by the examiner, that they pick out every weakness, as far as they can see it; and it must be presented to the directors and it must be presented to the trustees.

Mr. UNTERMYER. Do you not know, Mr. Schiff, that the report of which you are speaking is the report of the clearing house examiners, and not the report of the State department?

Mr. SCHIFF. No; I know that.

Mr. UNTERMYER. It is the report of the clearing house examiners is it not?

Mr. SCHIFF. That is not presented to the directors.

Mr. UNTERMYER. The Comptroller of the Currency has testified that the examinations are very inadequate and superficial, and that he has only two examiners for New York, whilst the clearing house has, for the State and national banks, 13 examiners.

Mr. SCHIFF. I have just been speaking of the State examiners. I was under the impression that the Government examination is efficient; but the comptroller is a better judge of that, naturally, than anybody else.

Mr. UNTERMYER. You see no objection, do you, to one bank owning another through stock ownership?

Mr. SCHIFF. Yes; I do see objections to it.

Mr. UNTERMYER. You see objections?

Mr. SCHIFF. Yes.

Mr. UNTERMYER. Does that objection apply even if the ownership is through the medium of a third company, a security company, that is owned by the bank?

Mr. SCHIFF. As a rule I am opposed to all holding companies.

Mr. UNTERMYER. You are opposed to holding companies, are you?

Mr. SCHIFF. Yes.

Mr. UNTERMYER. Why?

Mr. SCHIFF. Because of concentrations, which under our laws and tendencies should not exist.

Mr. UNTERMYER. You do not believe in concentration, do you?

Mr. SCHIFF. I do not believe in concentration through companies.

Mr. UNTERMYER. Not through holding companies?

Mr. SCHIFF. Not through holding companies. I believe in concentration through individuals.

Mr. UNTERMYER. You think that individuals should be permitted to get a monopoly of anything, but not through holding companies?

Mr. SCHIFF. I do not say a monopoly.

Mr. UNTERMYER. Where would you cut off concentration through individuals?

Mr. SCHIFF. Monopolies are odious.

Mr. UNTERMYER. How near a monopoly would you let them get?

Mr. SCHIFF. I think individuals should have every possible freedom. I do not believe in anything that will limit individual freedom.

Mr. UNTERMYER. We are not speaking of individual freedom, now. We are speaking of property questions. I think we all believe in liberty and free speech. We are talking, now, about property questions, and what I want to know is how far you would stop short of monopoly in the privilege you would give individuals to concentrate, as distinguished from holding companies?

Mr. SCHIFF. I would not limit the individual by law to buy whatever he pleases.

Mr. UNTERMYER. Even if it amounted to a monopoly?

Mr. SCHIFF. Even if it amounted to a monopoly.

Mr. UNTERMYER. Suppose three individuals should want to acquire all the banks and trust companies in New York in one way or another and get control of them; would you not put any limit on that?

Mr. SCHIFF. That is impracticable.

Mr. UNTERMYER. I say you would not put any limit on that, would you?

Mr. SCHIFF. That is a question——

Mr. UNTERMYER. Would you put any limit on it?

Mr. SCHIFF. That question is so hypothetical that you can not ask me to answer it.

Mr. UNTERMYER. Yes. I want to know where you would draw the line with respect to the license you would give to individuals to get control of any industry or any line of business?

Mr. SCHIFF. I would let nature take its course. The first monopoly attempted was in the building of the Tower of Babel. They wanted to make a monopoly of language.

Mr. UNTERMYER. You think that is a good precedent for monopolies, do you?

Mr. SCHIFF. And it broke down by its own weight. Anything that goes too far will break down by its own weight.

Mr. UNTERMYER. Then is it your idea that the law should stand aside and give these monopolies a chance to break down by their own weight?

Mr. SCHIFF. I think they would.

Mr. UNTERMYER. That is your idea, is it?

Mr. SCHIFF. As far as individuals are concerned; yes.

Mr. UNTERMYER. Then you would repeal all the laws against monopolies and restraints of trade, would you?

Mr. SCHIFF. As I told you before, I would not allow any monopoly to be acquired by holding companies or corporations.

Mr. UNTERMYER. But I mean otherwise?

Mr. SCHIFF. I would not limit, in any instance, individual freedom in anything, because I believe the law of nature governs that better than any law of man.

Mr. UNTERMYER. Has it ever occurred to you what would happen while this structure was tumbling, or before it tumbled?

Mr. SCHIFF. I do not believe my thoughts have made a flight as far as you go.

Mr. UNTERMYER. We would like you to take a flight far enough to tell us whether it has occurred to you, in constructing this theory——

Mr. SCHIFF (interposing). No; it has not.

Mr. UNTERMYER. It has not?

Mr. SCHIFF. No, sir.

Mr. UNTERMYER. You say you would not permit holding companies?

Mr. SCHIFF. No.

Mr. UNTERMYER. How do you reconcile that with your statement of a while ago to the effect that you would allow one railroad company to acquire a bare control of another without taking over the whole company?

Mr. SCHIFF. I do not see what the two things have together.

Mr. UNTERMYER. Do you not understand that when one railroad company takes over the majority of the stock of the other that it becomes a holding company?

Mr. SCHIFF. It becomes a holding company for certain legitimate purposes. I would not allow a railroad company to acquire securities of a company with which it does not connect.

Mr. UNTERMYER. Never mind about the connection.

Mr. SCHIFF. There is a good deal in that. The line must be drawn.

Mr. UNTERMYER. Then would you allow a holding company where one company connected with the other?

Mr. SCHIFF. In railroads, yes.

Mr. UNTERMYER. What is the difference between railroads and industrials or anything else—banks, for instance?

Mr. SCHIFF. There is no connection between them. A bank can not connect with another bank.

Mr. UNTERMYER. It can compete, if it is let alone, can it not?

Mr. SCHIFF. I do not speak of competition. A railroad company could not acquire the stock of another company that competes with it. The law will not permit it to do that.

Mr. UNTERMYER. We are going back to the question of a holding company. I thought I understood you to say a little while ago that you would allow one railroad company to control another railroad through the holding of a bare majority of the stock, without requiring it to take the whole property or minority interest as well as the majority interest? Am I right?

Mr. SCHIFF. Yes; if it connects.

Mr. UNTERMYER. If it connects?

Mr. SCHIFF. Yes.

Mr. UNTERMYER. That is the only condition on which you would allow it to do it at all?

Mr. SCHIFF. Yes; I would not allow a railroad company simply to buy the stocks of another if it has no connection with it.

Mr. UNTERMYER. Suppose it is an industrial company. Would you allow one industrial company to acquire a bare majority of the stock of another industrial company, leaving the minority to shift for themselves?

Mr. SCHIFF. An industrial company can not connect with any other company.

Mr. UNTERMYER. That is not the question. Would you allow one to acquire the control of the other?

Mr. SCHIFF. I would not allow one industrial company to acquire the stock of another industrial company if it is a competing company. The law does not allow that.

Mr. UNTERMYER. You would not allow that?

Mr. SCHIFF. No.

Mr. UNTERMYER. Would you allow one bank, doing business in the same region as another bank, to acquire the bare control of that other bank, which is a potential competitor?

Mr. SCHIFF. I would not.

Mr. UNTERMYER. Would you allow the same interests in those two banks to control both banks in any other form?

Mr. SCHIFF. I have said before that I would not limit individual freedom.

Mr. UNTERMYER. Do you see any objection to private bankers, whose affairs are subject to no supervision by the State or Nation, and who are not required to keep any reserves, acting as banks for interstate corporations, whose holdings are scattered among many stockholders.

Mr. SCHIFF. I see no objection to that.

Mr. UNTERMYER. You see none?

Mr. SCHIFF. No.

Mr. UNTERMYER. Why should the private individuals be permitted to do business without restriction, when corporations, banks, are subject to certain restrictions in the interest of the public?

Mr. SCHIFF. Why should they not be permitted? Why should the individual be restricted?

My experience has been, Mr. Untermyer, that the individual is generally much safer. I think the individual banker is safer than the incorporated trust company or bank.

Do you not know, Mr. Untermyer, the experience of 1907, when so many banks and trust companies went to the wall and when not an individual banker failed? Do you not know, Mr. Untermyer, that many banks and trust companies had to be maintained by the individual banker? I know of no single instance, in my whole experience, where an interstate corporation has lost money because it has deposited it with the individual bankers; but I know of many experiences where they have lost money because they have deposited with the banks and trust companies or had their funds locked up.

Mr. UNTERMYER. I will answer your questions, Mr. Schiff, when I go upon the witness stand. Now, I want to ask you this question: Suppose a banking house organizes an industrial corporation, names its directors, names its finance committee, and then provides that the securities of that corporation shall be deposited with it—names itself as fiscal agent?

Mr. SCHIFF. Yes.

Mr. UNTERMYER. Do you understand?

Mr. SCHIFF. Yes.

Mr. UNTERMYER. That would consider an entirely proper and appropriate thing, where that corporation has, perhaps, 100,000 stockholders scattered over the face of the earth?

Mr. SCHIFF. You say it names its directors. It has 100,000 stockholders——

Mr. UNTERMYER. I say, would you consider that a proper thing?

Mr. SCHIFF. If the 100,000 stockholders are alive to their interests, they will put in their own directors. They will not permit the banking house to put in their own management. They will not permit the banking house that has organized it to dictate its policy or its management.

Mr. UNTERMYER. Suppose the banking house has originally organized the company and has named the directors, and that it continues to dominate that company?

Mr. SCHIFF. In what way?

Mr. UNTERMYER. Do you think it proper that it should name itself as the depositary for the funds of that company?

Mr. SCHIFF. I can not imagine that such a banking house can continue to dominate that company as you state, unless they are the majority stockholders of it.

Mr. UNTERMYER. Suppose they are not the majority stockholders but that they have continued to dominate it. Do you consider it, proper that the funds of that company should remain with the banking house?

Mr. SCHIFF. That responsibility is upon stockholders.

Mr. UNTERMYER. That is the only protection you would give them?

Mr. SCHIFF. That is a very good protection.

Mr. UNTERMYER. That is all, Mr. Schiff. Thank you.

The CHAIRMAN. We will now take a recess until next Wednesday morning at 11 o'clock.

Whereupon, at 4 o'clock p. m., an adjournment was taken until Wednesday, January 22, 1913, at 11 o'clock a. m.

EXHIBIT No. 200, JANUARY 16, 1913.

NEW YORK, *December 23, 1912.*

SAMUEL UNTERMYER, Esq., *37 Wall Street, City.*

DEAR SIR: Referring to your letters of November 25 and 27, we beg to hand you herewith answers to the questions which you have addressed to us in the above-mentioned letters.

Yours, very truly, KUHN, LOEB & Co.

ANSWER TO QUESTION No. 1.

Neither this firm; nor any of its members, have organized or participated in organizing any interstate corporations from 1907 to the present time.

The following is a list of interstate corporations from whom this firm has purchased securities from 1907 to the present time. There is not included in such list cases where participations were simply received from others: American Telephone & Telegraph Co.; Armour & Co.; Associated Simmons Hardware Cos.; Baldwin Locomotive Works; Baltimore & Ohio Railroad Co.; Bethlehem Steel Co.; Central Pacific Railway Co.; Chesapeake & Ohio Railway Co.; Chicago & Alton Railroad Co.; Chicago & Eastern Illinois Railroad Co.; Chicago & Northwestern Railway Co.; Chicago, Milwaukee & Puget Sound Railway Co.; Chicago, Milwaukee & St. Paul Railway Co.; Chicago, St. Paul, Minneapolis & Omaha Railway Co.; Cincinnati, Hamilton & Dayton Railway Co.; Consolidation Coal Co.; Delaware & Hudson Co.; Galveston, Harrisburg & San Antonio Railway Co.; Hocking Valley Railway Co.; Illinois Central Railroad Co.; Missouri Pacific Railway Co.; New York, New Haven & Hartford Railroad Co.; New York, Ontario & Western Railway Co.; Norfolk & Western Railway Co.; Norfolk Southern Railroad Co.; Oregon-Washington Railroad & Navigation Co.; Pennsylvania Railroad Co.; Pittsburgh, Cincinnati, Chicago & St. Louis Railway Co.; St. Louis & San Francisco Railroad Co.; St. Louis Southwestern Railway Co.; Southern Pacific Co.; Southern Pacific Railroad Co.; Union Pacific Railroad Co.; Utah & Northern Railway Co.; Wabash Railroad Co.; Westinghouse Electric & Manufacturing Co.; Wheeling & Lake Erie Railroad Co.

ANSWER TO QUESTION NO. 2.

This firm has no fiscal agency contracts and its only relations to the corporations mentioned in the answer to question No. 1 is that of purchasers as bankers of their securities, except in the following instances, where one or more members of this firm are directors of the companies mentioned: Baltimore & Ohio Railroad Co.; Galveston, Harrisburg & San Antonio Railway Co.; Oregon-Washington Railroad & Navigation Co.; Southern Pacific Co.; Union Pacific Railroad Co.; Westinghouse Electric & Manufacturing Co.

ANSWER TO QUESTION No. 3.

As stated in the answer to question No. 2, this firm has had no fiscal agency contracts with interstate corporations. During the past six years we have had deposits from interstate corporations in the following average amounts:

For the year—	
1907	$12,410,000
1908	5,190,000
1909	9,574,000
1910	26,070,500
1911	33,825,500
1912	17,015,000
A total of average deposits for the period mentioned of	104,085,000
Or an average per year of	17,347,500

These deposits have as a rule arisen from special transactions, such as the temporary leaving with us of the purchase price of securities, or the arrangement for a special deposit on time or on call.

It is impossible to trace the disposition of these particular funds, except that by order and for account of one of the companies there was paid in nine instances between May 4, 1908, and June 2, 1908, $13,000,000 to certain of their bank and trust company depositaries in this city, and in another case, in disposing of the proceeds of a large issue of securities purchased from a company, there was deposited at the request of and for the credit of that company, $42,525,000 of such proceeds with 26 different banks and trust companies in New York, Philadelphia, Boston, and Pittsburgh.

Answer to Question No. 4.

The following is a list of the number of shares held by this firm and the individual members thereof, or that are held for the benefit of this firm or any of its members, in banks and trust companies as of January 1, 1912, and as of November 1, 1912:

	Jan. 1, 1912.	Nov. 1, 1912.
	Shares.	*Shares.*
American Trust Co. of Boston	100	100
Bankers Trust Co	100	.....
Corn Exchange Bank	100	100
Central Trust Co. of New York	250	250
Central Trust Co. of Illinois	250	250
Columbia Trust Co	100	.....
Columbia-Knickerbocker Trust Co	.....	66 2/3
Columbia Bank	200	200
Equitable Trust Co	4,660	4,660
First National Bank, Chicago	1,000	1,000
First National Bank, Morristown	100	100
Fidelity Bank, New York	120	120
Fourth Street National Bank of Philadelphia	800	800
Franklin National Bank, Philadelphia	250	250
Fidelity Trust Co., Philadelphia	100	100
Fourth National Bank	2,927	3,254
Industrial Trust Co., Providence	400	400
Lawyers Title Insurance & Trust Co	340	340
Manhattan Co. (bank)	1,000	1,000
Morristown Trust Co., Morristown	100	100
Merchants National Bank, New York	3,315	3,365
National City Bank	500	500
National Bank of Commerce	4,700	4,700
National Park Bank	1,000	1,000
Old Colony Trust Co., Boston	200	240
Oyster Bay Bank	.....	50
State Bank	700	700
Standard Trust Co	250	11
Security Bank, New York	300	300
Transatlantic Trust Co	.....	250
Title Guarantee & Trust Co	200	229
United States Mortgage & Trust Co	3,940	3,940
Union Exchange National Bank	1,147	1,147
Windsor Trust Co	100	100
Wells Fargo Nevada National Bank, San Francisco	500	500

Answer to Question No. 5.

The following is a statement of interest acquired by this firm, or any of the members thereof, since 1905, in various banks and trust companies, on which list is noted the fact when such interest, or any part thereof, had been disposed of:

	Acquired.	Disposed of.
American Loan & Trust Co., Boston	100	100
American Trust Co., Boston	100	.....
Bankers' Trust Co	180	180
Bowling Green Trust Co	100	100
Central Trust Co. of New York	250	.....
Columbia Trust Co	100	100
Columbia Bank	70	.....
Columbia-Knickerbocker Trust Co	66 2/3	.....
Corn Exchange Bank	100	.....
Equitable Trust Co	3,790	.....
First National Bank of Chicago	200	.....
First National Bank of Morristown	50	.....
Fidelity Bank	20	.....
Fourth National Bank	3,254	.....
Guaranty Trust Co	22½	22½
Lawyers' Title Insurance & Trust Co	400	60
Merchants National Bank	1,365	.....
Morton Trust Co	30	30
National Park Bank	1,000	.....
National Bank of Commerce	3,000	.....
Old Colony Trust Co., Boston	140	.....
Oyster Bay Bank	50	.....
Phoenix National Bank	400	400
State Bank	630	.....
Standard Trust Co	16	.....
Security Bank of New York	300	.....
Title Guarantee & Trust Co	79	.....
Trans-Atlantic Trust Co	250	.....
United States Mortgage & Trust Co	3,915	.....
Union Exchange National Bank	407	.....

ANSWER TO QUESTION No. 6.

Since January 1, 1907, the sales of bonds by this firm to life insurance companies have aggregated $56,179,000.

ANSWER TO QUESTION No. 7.

The following is a statement of the total amount of securities purchased by this firm from the following named interstate corporations from January 1, 1907, to the present time:

In cases where securities were purchased jointly with others, only the proportion of this firm in such purchases is included. There are not included in this statement participations received from others, but only cases of joint purchases. The total amounts to $938,192,141, as shown by the following statement:

American Telephone & Telegraph Co	$12,500,000
Armour & Co	18,000,000
Associated Simmons Hardware Co	5,000,000
Baldwin Locomotive Works	5,000,000
Baltimore & Ohio R. R. Co	41,275,000
Bethlehem Steel Co	3,300,000
Central Pacific Ry. Co	61,643,750
Chesapeake & Ohio Ry. Co	41,553,331
Chicago, St. Paul, Minneapolis & Omaha Ry. Co	5,000,000
Chicago & Alton R. R. Co	14,000,000
Chicago & Eastern Illinois R. R. Co	10,871,000
Chicago & North Western Ry. Co	53,750,000
Cincinnati, Hamilton & Dayton Ry. Co	3,750,000
Chicago, Milwaukee & Puget Sound Ry. Co	12,500,000
Chicago, Milwaukee & St. Paul Ry. Co	85,223,375
Consolidation Coal Co	4,700,000
Delaware & Hudson Co	27,467,665
Galveston, Harrisburg & San Antonio Ry. Co	991,000
Hocking Valley Ry. Co	2,928,000
Illinois Central R. R. Co	47,740,000
Missouri Pacific Ry. Co	29,806,000
New York, New Haven & Hartford R. R. Co	28,000,000
New York, Ontario & Western Ry. Co	1,948,000
Norfolk Southern R. R. Co	3,217,000
Norfolk & Western Ry. Co	5,000,000
Oregon-Washington R. R. & Navigation Co	20,000,000
Pennsylvania R. R. Co	95,100,000
Pittsburgh, Cincinnati, Chicago & St. Louis Ry. Co	6,375,000
St. Louis & San Francisco R. R. Co	6,125,000
St. Louis Southwestern Ry. Co	1,000,000
Southern Pacific Co	100,734,000
Southern Pacific R. R. Co	33,646,000
Union Pacific R. R. Co	113,400,000
Utah & Nothern Railway Co	4,993,000
Wabash R. R. Co	15,566,666
Westinghouse Electric & Manufacturing Co	10,000,000
Wheeling & Lake Erie R. R	6,088,354
	938,192,141

ANSWER TO QUESTION No. 8.

The following is a list of the railroad corporations engaged in interstate commerce that have been reorganized by us or under our direction as bankers or syndicate managers, either alone or in conjunction with others, namely: Baltimore & Ohio Railroad Co., Baltimore & Ohio Southwestern Railroad Co., Chicago & Alton Railroad Co., and Union Pacific Railroad Co.

In addition, we are at present cooperating in the reorganization of the Wabash Railroad Co. and the Kansas City Railway & Light Co. No industrial corporations engaged in interstate commerce have been reorganized by us or under our direction as bankers or syndicate managers, either alone or in conjunction with others.

We have been members of substantially all the underwriting syndicates formed in connection with important reorganizations during the past years, but in no cases, except in the above mentioned, have we had anything to do with the management of such reorganization or such syndicate.

Appended are copies of the plans of the reorganization of the above-mentioned companies, as well as lists of the initial boards of directors.

In the case of the Baltimore & Ohio Railroad Co., where a voting trust was provided, it consisted of Messrs. William Salomon, Abraham Wolff, J. Kennedy Tod, Louis Fitzgerald, and Charles H. Coster.

ANSWER TO QUESTION No. 9.

The following are the total amounts of purchases from interstate corporations since January 1, 1906, made jointly by this firm and other banks or bankers:

With Blair & Co	$33,973,708
With Blair & Co. and the Central Trust Co	2,500,000
With Brown Bros. & Co., of Philadelphia	10,000,000
With the Central Trust Co	26,816,000
With the First National Bank of New York	44,704,000
With Harvey Fisk & Sons, Hallgarten & Co., and William Salomon & Co.	15,200,000
With Guaranty Trust Co	11,000,000
With J. P. Morgan & Co	13,000,000
With J. P. Morgan & Co., and Blair & Co	8,500,000
With J. P. Morgan & Co., Kidder, Peabody & Co., and certain foreign bankers	175,000,000
With J. P. Morgan & Co. and the National City Bank	43,204,000
With the National City Bank of New York	189,019,000
With the National City Bank and the United States Trust Co	34,893,500
With Speyer & Co	116,334,000
With Speyer & Co. and Alexander Brown & Sons	20,600,000

N. B.—The participations of this firm in the above purchases are included in the aggregate given in answer to question No. 7.

During the period above mentioned, this firm has taken syndicate participations in purchases of securities of interstate corporations from such corporations, as follows:

August Belmont & Co	$230,000
Blair & Co	2,113,000
Blair & Co. and First Trust & Savings Bank	350,000
Blair & Co. and Hallgarten & Co	100,000
Blair & Co., Ladenburg, Thalmann & Co., and Middendorf, Williams & Co	500,000
Brown Bros. & Co	350,000
Central Trust Co	100,000
Drexel & Co. and White, Weld & Co	2,525,000
First National Bank	1,250,000
Guaranty Trust Co	500,000
Hallgarten & Co	3,150,000
Hallgarten & Co. and Wm. Salomon & Co	385,000
Kean, Van Cortlandt & Co	75,000
Kidder, Peabody & Co. (and Baring Bros. & Co., Ltd.)	5,000,000
Ladenburg, Thalmann & Co	2,787,500
Lee, Higginson & Co	300,000
Lee, Higginson & Co. and J. & W. Seligman & Co	3,074,166
Lehman Bros. and Goldman, Sachs & Co	3,106,250
Maitland, Coppell & Co	100,000
Meyer & Co., Eugene, jr	250,000
Morgan & Co., J. P	5,300,000
Redmond & Co	1,250,000
Salomon & Co., Wm	6,314,451
Salomon & Co., Wm., and G. H. Walker & Co	1,950,000
Speyer & Co	1,775,000
Trask & Co., Spencer	209,250
United States Mortgage & Trust Co	750,000
	43,794,617

Directors of the Baltimore & Ohio Railroad Co. for the year ended June 30, 1899: William Salomon (chairman of the board), Edward R. Bacon, Alexander Brown, Louis Fitzgerald, Edward H. Harriman, James J. Hill, H. Clay Pierce, Norman B. Ream, Jacob H. Schiff, Charles Steele, James Stillman, J. Kennedy Tod.

Directors of Baltimore & Ohio Southwestern Railroad Co. elected December 22, 1899: Edward R. Bacon, New York; William Salomon, New York; Otto H. Kahn, New York; Charles Steele, New York; John K. Cowen, Baltimore, Md.; H. Clay Pierce, St. Louis, Mo.; Frank W. Tracy, Springfield, Ill.; J. G. Schmidlapp, Cincinnati, Ohio; William M. Greene, Cincinnati, Ohio.

Directors of the Chicago & Alton Railroad Co. for the year ending December 31, 1899: C. H. Chappell, Chicago; R. C. Clowry, Chicago; J. W. Doane, Chicago; S. M. Felton, Chicago; E. H. Harriman, New York; W. H. Henkle, Chicago; J. C. Hutchins, Chicago; M. L. Schiff, New York; W. A. Simonson, New York.

Directors of the Chicago & Alton Railway Co. for the year ending June 30, 1901: C. H. Chappell, Chicago; John W. Doane,[1] Chicago; S. M. Felton, Chicago; James P. Forgan, Chicago; David R. Francis, St. Louis; George J. Gould, Lakewood, N. J.; E. H. Harriman, Arden, N. Y.; John J. Mitchell, Chicago; Norman B. Ream, Chicago; Mortimer L. Schiff, New York; James Stillman, New York.

Directors of Union Pacific Railroad Co., for the period ending June 30, 1898: Winslow S. Pierce (chairman), New York; Oliver Ames, Boston; Horace G. Burt, Omaha; George Q. Cannon, Salt Lake City; T. Jefferson Coolidge, jr., Boston; John W. Doane, Chicago; Louis Fitzgerald, New York; George J. Gould, New York; E. H. Harriman, New York; Marvin Hughitt, Chicago; Henry B. Hyde, New York; Otto H. Kahn, New York; Roswell Miller, Chicago; Jacob H. Schiff, New York; James Stillman, New York.

PLAN AND AGREEMENT FOR THE REORGANIZATION OF THE UNION PACIFIC RAILWAY CO., INCLUDING ITS KANSAS PACIFIC LINES.

[Dated, Oct. 15, 1895.]

Louis Fitzgerald, Jacob H. Schiff, T. Jefferson Coolidge, jr., Chauncey M. Depew, Marvin Hughitt, Oliver Ames, second, committee.

Winslow S. Pierce, counsel.

Kuhn, Loeb & Co., bankers.

Alvin W. Krech, secretary.

Depositaries.—The Mercantile Trust Co., of New York; Old Colony Trust Co., of Boston; Bank of Montreal, of London; Amsterdamsche Bank, of Amsterdam; Deutsche Vereinsbank, of Frankfort-on-Main.

To the security holders of the Union Pacific main lines proper, inclusive of the Kansas Pacific line:

The system of the Union Pacific Railway Co. having become dismembered, and the holders of the securities of the branch lines having already taken steps for their own protection, it has become evident that the holders of the various kinds of bonds secured upon the main stem of the Union Pacific Railway Co., including the Kansas Pacific line, must combine in order to protect themselves.

The main difficulty in effecting a prompt reorganization of the Union Pacific Railway Co. proper is in the impracticability thus far experienced of reaching a settlement with the United States Government, which holds a second lien upon the Union division from Omaha to a point 5 miles west of Ogden, 1,038 miles, and on the Kansas division from Kansas City (exclusive of the Kansas City, Mo., terminals) west to the three hundred and n nety-fourth milepost in Kansas, but which has no lien upon that part of the Kansas Pacific line between the three hundred and ninety-fourth milepost and Denver, 245 miles, nor on the Leavenworth branch, Leavenworth to Lawrence Junction, 32 miles, nor on the Cheyenne division, Denver to Cheyenne, 104 miles. Congress having thus far been unwilling to pass any legislation authorizing a settlement, it becomes imperatively necessary on the part of the holders of the first mortgage bonds, of which part have already matured, and all of which will mature within the next few years, to combine for an enforcement of their prior lien. Eminent counsel have advised that the lien of the first mortgage bonds may be effectively foreclosed, and while it is very desirable to make a settlement with the United States Government, and to continue efforts in this direction, further delay on the part of the first mortgage bondholders in protecting themselves by securing their legal rights would be likely to become dangerous and to result in loss.

The undersigned have been asked by large interests to formulate and proceed with a reorganization which shall at once secure to the holders of the first mortgage and other bonds requiring consideration in reorganization a full return in new securities of the successor company with fixed charges based upon the lowest results from the

[1] Deceased.

operation of the main line, and the Kansas Pacific and Denver Pacific lines which have been obtained during the times of the greatest depression. A plan is submitted herewith to the consideration of the security holders, which, it is believed, fully carries this purpose into effect, and at the same time secures to first mortgage bondholders the payment of the matured and maturing interest until it shall become practicable to carry out the reorganization. Should this end, contrary to expectation, not be attained, the bonds, which holders are requested to deposit without delay, will be returned without expense.

Prompt action on the part of bondholders in uniting being imperative, the time during which deposits can be made has been limited to December 31, 1895, after which date no bonds will be admitted, unless otherwise determined, except upon the payment of a penalty of 5 per cent.

Stockholders must likewise deposit their share certificates, properly indorsed, prior to December 31, 1895, but will not be required to pay any part of the assessment of $15 a share until the same is called for hereafter by the committee after the plan shall have been declared operative. Upon stock deposited after December 31, 1895, the assessment will be at the rate of $20 a share, unless otherwise determined, $5 of which shall be payable at the time of deposit as a penalty.

In case the reorganization is abandoned without having been declared operative holders of receipts will receive back the shares to which they are entitled, without expense to them, on surrender of their receipts, properly indorsed, at the depositaries which issued them.

Deposit may be made at any of the depositaries on and after November 1, 1895, from which date matured coupons on first mortgage bonds will be cashed as provided in the plan.

The committee may at any time after December 31, 1895, alter the penalties above specified or decline to receive further deposits of bonds or stock.

The Mercantile Trust Co. of New York has been designated as the central depositary both for the bonds and the stock (with auxiliary depositaries as set forth in the plan), and will issue engraved certificates of deposit, for the listing of which application will be made to the New York Stock Exchange at the proper time. Temporary receipts will be issued in exchange for securities deposited until the engraved certificates shall be ready.

Protective committee already organized in the interests of the holders of either of the classes of bonds embraced in the plan are invited to confer and cooperate with this committee in respect to such interests.

New York, October 15, 1895.

LOUIS FITZGERALD,
JACOB H. SCHIFF,
T. JEFFERSON COOLIDGE, Jr.,
CHAUNCEY M. DEPEW,
MARVIN HUGHITT,
OLIVER AMES, 2d,
Committee.

STATEMENT.

Mileage.—The main lines of the Union Pacific Railway Co. are as follows:

	Miles.
Union division—Council Bluffs to a point 5 miles west of Ogden	1,048.01
Kansas division—Kansas City to Denver	643.55
Leavenworth branch—Lawrence to Leavenworth	31.93
Cheyenne division—Denver to Cheyenne	104.10
Total main-line mileage	1,827.59

Lands.—The outstanding land and town-lot contracts on December 31, 1894, were as follows:

Union division	$2,727,480.27
Kansas Pacific and Denver Pacific divisions	3,435,271.28
Total	6,162,751.55

It is believed that a considerable amount of these contracts will, as a result of the recent industrial depression, be cancelled, in which event the figures in the following table should be correspondingly increased:

The acreage and estimated value of unsold land-grant lands, excluding those under contract, on December 31, 1894, were as follows:

Division.	Acres.	Estimated value.
Union	3,345,000	$3,157,000
Kansas Pacific and Denver Pacific	3,179,000	10,201,500
Total	6,524,000	13,358,500

Funded debt (Oct. 1, 1895).

UNION DIVISIONS.

	Amount.	Due.
Union Pacific:		
First mortgage sixes	$27,229,000	Jan. 1, 1896–1899.
Land grant sevens	7,000	Apr. 1, 1899.
Sinking fund eights	3,730,000	Sept. 1, 1899.
Omaha Bridge eights	508,000	Apr. 1, 1896.
Omaha Bridge renewal fives	1,056,000	Oct. 1, 1915.
Not embraced in reorganization:		
Collateral trust sixes	3,626,000	July 1, 1908.
Collateral trust fives	4,677,000	Dec. 1, 1907.
Collateral trust four-and-a-halfs	2,030,000	Nov. 1, 1918.
Equipment trust fives	1,149,000	1896 to 1900.
Collateral trust notes, sixes	8,610,000	Aug. 1, 1894.
	52,622,000	

KANSAS PACIFIC AND CHEYENNE DIVISION AND LEAVENWORTH BRANCH.

Eastern division sixes	$2,240,000	Aug. 1, 1895
Middle division sixes	4,063,000	June 1, 1896
Denver extension sixes	5,887,000	May 1, 1899
Kansas Pacific consolidated sixes	11,724,000	May 1, 1919
Kansas Pacific income sevens	263,700	July 1, 1916
Kansas Pacific income subordinated sevens	4,011,650	Do.
Kansas division and collateral fives	5,000,000	May 1, 1921
Denver Pacific first-mortgage sevens	975,000	May 1, 1899
Leavenworth Branch first-mortgage sevens	600,000	Jan. 1, 1896
	34,764,350	
Indebtedness to the Government:		
For principal [1]	33,539,512	Nov. 1, 1895, to Jan. 1, 1899.
For interest (approximately, after deducting estimated value of the sinking fund)	19,500,000	
	53,039,512	
Total funded debt	140,425,862	

[1] The lien of the Government for the security of this debt is a second lien subordinate to the lien of the first-mortgage bonds on the Union division, and of the eastern and middle division bonds on 394 miles of the Kansas division. The proportions of the principal of the debt ($33,539,512) applicable to the Union and Kansas divisions, respectively, are as follows: Union division debt to the Government, $27,236,512; Kansas division debt to the Government, $6,303,000.

Capital stock.—The capital stock of the Union Pacific Railway Co. outstanding is $60,868,500.

Fixed charges.—The interest on the debt to the United States (principal $33,539,512) has been an accumulating obligation, diminished only by application of withheld compensation for Government service and by sinking fund receipts. The accumulated interest, now aggregating, after all deductions, more than $19,000,000, will mature, it is claimed, with the maturity of the principal of the debt which now impends.

In the following table, which states the fixed charges of the Union Pacific Railway Co. (proper) for each of the five years from 1890 to 1894, inclusive, the following liabilities are not included:

1. The excess of interest on the debt to the Government over the percentage of net earnings applicable to it under the Thurman and other acts.[1]
2. Interest on bonds held in main line mortgage trusts under conversion provisions.
3. The obligations under guaranties, determined by the deficit in the operations of auxiliary lines to meet interest or provide the traffic receipts guaranteed by the Union Pacific Railway Co.

Fixed charges or deductions from net earnings.

	Interest on bonds.	Sinking funds.	Government requirements.	Total charges.
1890	$4,613,097.85	$705,458.75	$1,041,153.43	$6,359,710.03
1891	4,782,230.29	708,332.50	1,278,488.82	6,769,051.61
1892	5,371,587.40	705,172.50	1,338,044.37	7,414,804.27
1893	4,902,594.03	666,182.50	1,203,303.73	6,772,080.26
1894	4,767,613.81	677,685.00	1,249,061.46	6,694,360.27
Average charges as above for five years				6,802,001.28

Earnings.—The following table shows the gross and net earnings resulting from the operation of the Union Pacific main lines (exclusive of the company's income from other sources) for each of the 10 years from 1885 to 1894, inclusive:

Year.	Gross earnings.	Net earnings, taxes deducted.
1885	$17,455,031.51	$8,404,676.31
1886	17,806,132.59	7,522,707.02
1887	19,546,088.62	9,111,886.85
1888	19,898,816.93	8,119,468.16
1889	19,775,555.84	8,286,679.63
1890	20,438,208.36	7,274,759.06
1891	19,687,738.48	7,846,451.70
1892	20,361,401.66	8,550,268.22
1893	17,376,792.11	6,204,716.81
1894	14,739,436.76	4,315,077.25
Average net earnings for 10 years		7,563,669.10

General considerations.—1. The mortgage debt for which provision is made in the following plan for reorganization is exclusive of main-line bonds held in trusts or sinking funds under mortgages included in the proposed reorganization—the issues being reduced, to that extent, for reorganization purposes.

The bonds thus available under the new plan without the necessity for provision in new securities, are as follows:

Omaha Bridge renewal 5 per cent bonds (held by the receivers)	$322,000
Eastern division bonds (held in Denver extension sinking fund)	304,000
Middle division bonds (held in Denver extension sinking fund)	385,000
Denver extension bonds (held in Denver extension sinking fund)	1,781,000
Kansas Pacific consols (held in Kansas Pacific further security trust and by the receivers)	120,000
Kansas Pacific income sevens, unsubordinated (held in Kansas Pacific consolidated mortgage trust)	252,300
Kansas Pacific income sevens, subordinated (held in Kansas Pacific consolidated mortgage trust)	3,988,550
Denver Pacific first mortgage sevens (held in Kansas Pacific consolidated mortgage trust)	971,000
Leavenworth Branch first mortgage sevens (held in Kansas Pacific consolidated mortgage trust)	585,000

[1] The annual interest charge accumulating on this debt is $2,012,370.72 less the deductions above explained.

2. Nor does the reorganization include provision for the collateral trust obligations of the Union Pacific Railway Co. The securities embraced in these trusts are largely those of companies which have already, by orders of court made in the original general receivership cause or in independent foreclosure proceedings, lost in part or in whole their character as portions of what has been distinctively known as the Union Pacific System. Independent reorganizations of many of these properties are pending. The purposes which brought into existence guaranties of the obligations of many of these auxiliary companies have been accomplished by construction and otherwise, and considerations will not exist under reorganization for continued relations with these properties upon the basis of an assumption of any of their fixed charges. Geographical conditions and considerations of mutual advantage point to a continued operation of such of these auxiliary properties as have had a demonstrated value, in harmony with that of the reorganized company, and relief from the burden of these guaranties will, it is believed, be an advantage obtained without detriment to the earning capacity of the property.

3. The total charges for the prosperous year of 1892 (including interest on fixed bonds, mortgage sinking funds, Government deductions and requirements, and other charges made up in large part of guaranty obligations), aggregated the sum of $7,881,475.55; or a sum greater by $881,475.44 than an amount necessary to pay the annual interest on the maximum mortgage debt and full dividend on the maximum issue of preferred stock contemplated in the following plan of reorganization.

The maximum interest and dividend requirements under the plan applied to the average annual net earnings of the past 10 years shows these results:

Net earnings.

Average net earnings of Union Pacific Railway (proper) for 10 years, 1885 to 1894, inclusive	$7,563,669

Interest and dividends.

Annual interest on the maximum issue of $100,000,000 4 per cent bonds under following plan	$4,600,000	
Annual 4 per cent dividend on the maximum issue of $75,000,000 preferred stock	3,000,000	
Interest and dividends on preferred stock		7,000,000
Average surplus over interest and full dividends on preferred stock		563,669

NOTE.—The lowest net earnings realized by the Union Pacific Railway were those of the year 1894, when they were $4,315,077.25, or $315,077.25 in excess of interest on the maximum amount of bonds as proposed in the following plan.

PLAN.

It is proposed, through such foreclosure proceedings as the committee shall cause to be instituted or shall adopt, or through such other means as the committee shall determine, that a new company shall succeed to (or that the present company reorganized upon the basis of indebtedness fixed in this plan shall retain) the main lines and lands covered by the mortgages included in the plan.

The new company shall issue the following new securities:

First-mortgage railway and land grant 50-year 4 per cent gold bonds	$100,000,000
4 per cent preferred stock	75,000,000
Common stock	61,000,000

New bonds.—The new bonds shall be dated January 1, 1897, and shall bear interest from that date, payable on the first days of each January and July thereafter until maturity. They shall be secured by a first-mortgage lien upon all the main-line mileage of the Union Pacific Railway Co., upon the equipment acquired by the new company, and upon the unsold lands and the land contracts embraced in the trusts of the Union Pacific land-grant and sinking-fund mortgages, the Denver extension first mortgage, the Kansas Pacific consolidated first mortgage, and the Denver Pacific first mortgage, and upon such branch lines of railway as the committee shall avail of through the ownership of branch-line bonds in the trust of the Kansas Pacific consolidated first mortgage.

New preferred stock.—The new preferred stock shall be entitled to 4 per cent noncumulative dividends, payable out of the net or surplus earnings of the reorganized company before the payment of any dividend on the common stock.

The following will be the distribution of new company's securities:

	New 4 per cent 50-year gold bonds.		New preferred stock.		New common stock.	
	Per cent.	Amount.	Per cent.	Amount.	Per cent.	Amount.
FOR UNION DIVISION DEBT.						
1. Union Pacific first-mortgage sixes	100	$27,229,000	50	$13,614,500	.....	.....
2. Land grant sevens [1]	.....	.....	.....	.....	.....	.....
3. Sinking-fund eights	100	3,730,000	50	1,865,000	.....	.....
4. Omaha bridge eights	100	508,000	50	254,000	.....	.....
5. Omaha bridge renewals, fives	100	734,000	25	183,500	.....	.....
FOR KANSAS DIVISION DEBT.						
1. Eastern division sixes	100	1,936,000	50	968,000	.....	.....
2. Middle division sixes	100	3,678,000	50	1,839,000	.....	.....
3. Denver extension first sixes	100	4,106,000	50	2,053,000	.....	.....
4. Consolidated first-mortgage sixes	80	9,283,200	50	5,802,000	.....	.....
Consolidated first mortgage, defaulted interest [2]	.....	.....	25	2,901,000	.....	.....
5. Income sevens (unsubordinated)	80	8,880	50	5,550	.....	.....
6. Income sevens (subordinated)	80	16,440	50	10,275	.....	.....
7. Leavenworth branch sevens	80	12,000	50	7,500	.....	.....
8. Denver Pacific first sevens	80	3,200	50	2,000	.....	.....
9. Kansas division and collateral mortgage fives	.....	.....	50	2,500,000	.....	.....
For assessment on common stock	.....	.....	100	9,130,275	.....	.....
In exchange for common stock of Union Pacific Railway Co. on which assessment is paid under the plan	.....	.....	.....	.....	.....	$60,868,500
For compensation to reorganization syndicate and bankers	.....	.....	.....	6,000,000	.....	.....
Total defined issues for reorganization purposes	.....	51,244,720	.....	47,135,600	.....	60,868,500
Reserved to dispose of equipment obligations and for reorganization and corporate uses	.....	13,000,000	.....	7,000,000	.....	.....
Balance reserved for settlement of the debt to the United States and for extraordinary requirements	.....	35,755,280	.....	20,864,400	.....	131,500

[1] The Union Trust Co., of New York, trustee under the land-grant mortgage, has funds in hand with which to pay the $7,000 outstanding bonds.

[2] Should a greater or less amount of interest than that here estimated be in default on these bonds at the date from which the new bonds bear interest, the provision in preferred stock will be varied accordingly so as to equal in amount such defaulted interest. Interest received by the committee on deposited bonds of this class will be accounted for to the holders of corresponding certificates of deposit.

CASH PROVISIONS FOR FIRST-MORTGAGE BONDS.

Through arrangements made with the syndicate hereafter mentioned, the following cash provisions are made in respect to defaulted and future interest on present outstanding first-mortgage bonds of the Union Pacific and Kansas Pacific Railway Cos., as shown in detail below:

First. The coupons now in default upon present first-mortgage bonds are to be purchased in cash for account of the syndicate at the time of the deposit with the committee of the bonds to which they pertain.

Second. Coupons maturing on deposited first-mortgage bonds in the interval between the deposit thereof under the plan and the date from which bonds of the new company are to bear interest (Jan. 1, 1897), are to be purchased by the syndicate from the committee, which in turn shall apply the amounts so received, at the respective due dates of the coupons, to the payment of corresponding installments on its outstanding certificates applicable to such deposited bonds.

Third. At the time of the issue of the new 4 per cent bonds the difference between the interest at their rate and at the rate of the present first-mortgage bonds (i. e., the rate difference of 2 per cent) shall be adjusted in cash covering the periods between January 1, 1897, and the respective dates of the maturity of the present bonds. The proportion of the current semiannual interest installments which shall have accrued on January 1, 1897, on such of said bonds as do not bear January coupons shall be likewise provided for in cash at the time of the delivery of the new bonds.

The bonds to which the foregoing cash provisions apply and the extent of the cash requirements to meet these provisions are thus shown:

Union Pacific first sixes (due in installments Jan. 1, 1896, to Jan. 1, 1899, inclusive):		
Defaulted coupons of Jan. 1 and July 1, 1895		$1,633,740
Interest maturing, during pendency of plan to and including Jan. 1, 1897		2,450,610
Adjustment of interest as between rates of old and new bonds, 2 per cent per annum from Jan. 1, 1897, to maturity of old bonds:		
On $1,920,000 bonds, due July 1, 1897	$19,200	
On $5,999,000 bonds, due Jan. 1, 1898	119,980	
On $8,837,000 bonds, due July 1, 1898	265,110	
On $2,400,000 bonds, due Jan. 1, 1899	96,000	
		500,290
Kansas Pacific, eastern division, first sixes (matured Aug. 1, 1895):		
Defaulted coupons of August, 1894, and February and August, 1895		201,600
Interest maturing during pendency of plan to Jan. 1, 1897		190,400
Kansas Pacific, middle division, first sixes (due June 1, 1896):		
Defaulted coupons of June 1 and Dec. 1, 1894, and June 1, 1895		365,670
Interest maturing during pendency of plan to Jan. 1, 1897		385,985
Kansas Pacific, Denver extension, first sixes (due May 1, 1899):		
Defaulted coupons of May 1 and Nov. 1, 1894, and May 1 and Nov. 1, 1895		706,440
Interest maturing during pendency of plan to Jan. 1, 1897		412,090
Adjustment of interest as between rates of old and new bonds—2 per cent from Jan. 1, 1897, to maturity of old bonds		274,727
		7,121,552

In all cases where the foregoing provisions apply to semiannual interest installments not represented by coupons because of the prior maturity of the principal of the bonds, the syndicate will take assignments of such interest installments from holders presenting their bonds for deposit or from the committee as to such bonds as shall have been deposited, and will hold and treat such assignments in the manner hereinafter provided with respect to coupons taken up by the syndicate.

ASSESSMENT.

The common stock of the present company will be assessed at the rate of $15 per share.

Shareholders paying the assessment of $15 per share will receive the amount of the assessment (viz, $15 per share) in new preferred stock at par, and will also receive par of their present common stock in common stock of the new company.

Shareholders who do not pay their assessments as called will forfeit their rights. The stock assessment will be underwritten before the plan is declared operative.

The proceeds of the assessment shall be applicable to the cash requirements of this plan as herein provided, and to such requirements as shall be fixed and determined by the committee, including such expenses and charges as it shall make or incur in the premises, and suitable compensation to the members of the committee.

The amount of this assessment shall be payable at such times and in such installments as the committee shall determine after the plan has been declared operative, but not more than $5 per share shall be called in any consecutive 30 days.

REORGANIZATION SYNDICATE.

A reorganization syndicate has been organized under the management of Messrs. Kuhn, Loeb & Co., bankers, to furnish the sum of $10,000,000 for the following purposes:

1. To purchase all the interest coupons on first-mortgage bonds now in default.

2. To purchase, as they shall mature hereafter, the interest coupons on first-mortgage bonds and also the semiannual assignments of interest accruing on bonds already matured during the pendency of the plan, and until it shall become operative.

3. To purchase, if it shall be found advisable for the promotion of the reorganization, any outstanding first-mortgage bonds and Omaha Bridge bonds, and to deposit the same under this plan; and, if it shall be found advisable, to purchase all or any defaulted or future maturing coupons or interest assignments on Omaha Bridge bonds.

Coupons and interest assignments purchased for account of the syndicate shall be deposited in The Mercantile Trust Co. of New York, which shall issue its certificates for the same to the syndicate, or such other course shall be taken in respect thereto as

shall be determined by the committee and the bankers to effectively and conveniently carry out this feature of the plan, and as will secure to the syndicate all rights of the bondholders in and to the coupons and interest claims so purchased and in and to the lien and right of enforcement of the lien thereof.

Such steps shall be taken in respect to all purchased coupons and interest assignments as will secure a valid claim for cumulative interest in favor of the reorganization syndicate.

The right is reserved on behalf of the committee, with the assent of the bankers, to call for an increase of the amount required to be advanced by the syndicate to $15,000,000.

The syndicate is to advance a sum not exceeding $100,000 for expenses repayable with 6 per cent interest after the plan shall have been declared operative.

All advances made by the syndicate shall be repayable to it in gold.

Six million dollars of preferred stock are to be turned over as compensation to the syndicate, of which the bankers are to retain one million as their own compensation.

LIMITATIONS OF TIMES.

For declaring plan operative.—The time for declaring this plan operative is to be limited to December 31, 1896, with the right on the part of the committee to extend the time for six months, namely, to June 30, 1897. Notice that the plan is operative shall be given by publication through each of the depositaries hereinafter mentioned.

For deposit of securities.—The time for the deposit of bonds receivable under this plan and of the shares of stock of the present company is limited to December 31, 1895, after which date no bonds will be admitted except upon the payment of a penalty of 5 per cent. Upon shares of stock deposited after the time above limited (Dec. 31, 1895), the assessment will be at the rate of $20 a share. After the expiration of the limit of time the penalty of $5 a share will be payable at the time of deposit and will not be refunded.

Deposits may be made on and after November 1, 1895. The committee reserves the right at any time to alter the penalties above specified or decline to receive further deposits of bonds or stock.

Should it, in the opinion of the committee, appear desirable to make any substantial alterations in the foregoing plan, it shall make publication of such proposed alterations for at least 20 days, during which time the security holders not approving of the proposed alterations shall be permitted to surrender their certificates of deposit and withdraw their securities upon refunding, with 6 per cent interest, the amounts advanced in purchase of the coupons and interest assignments on their respective bonds.

SECURITIES RECEIVABLE ON DEPOSIT UNDER THIS PLAN.

The following securities will be received under this plan at either of the depositaries hereinafter mentioned:

Bonds.

1. Union Pacific Railroad Co.'s first mortgage bonds.
2. Union Pacific Railroad Co.'s sinking fund mortgage bonds.
3. Union Pacific Railroad Co.'s Omaha Bridge 8 per cent mortgage bonds.
4. Union Pacific Railway Co.'s Omaha Bridge renewal bonds.
5. The Union Pacific Railway Co., Kansas division and collateral mortgage bonds.
6. (Kansas Pacific) Union Pacific, eastern division, first mortgage bonds.
7. (Kansas Pacific) Union Pacific, middle division, first mortgage bonds.
8. Kansas Pacific Railway, Denver extension first mortgage bonds.
9. Kansas Pacific Railway consolidated first mortgage bonds.
10. Kansas Pacific Railway income bonds.
11. Leavenworth Branch bonds.
12. Denver Pacific Railway and Telegraph first mortgage bonds.

Also

Stock.

13. The certificates of stock of the present company.

DEPOSITARIES.

The Mercantile Trust Co. of New York; Old Colony Trust Co., of Boston; Bank of Montreal, of London; Amsterdamsche Bank, of Amsterdam; Deutsche Vereinsbank, of Frankfort-on-Main.

Bonds and shares may be deposited by the holders thereof in either of the above-named depositaries, who shall issue their own negotiable certificates. After the plan

has become operative the committee may order the transmission of securities deposited in any one of the depositaries into the keeping of The Mercantile Trust Co. of New York, who shall constitute the central depositary, and who shall thereupon issue its own engraved certificates for the previously issued certificates of the branch or auxiliary depositaries.

Until the plan shall have been declared operative, depositors of bonds in either of the depositaries may apply to have their bonds transferred to any other depositary, upon payment of the expense thereof, and shall be entitled to the certificates of the last depositary upon the surrender of the certificates previously issued to such depositors.

Holders of securities who shall have deposited the same in any one of the foreign auxiliary depositaries shall, where such securities have had the foreign Government stamp attached, be entitled to receive the new securities likewise with the foreign Government stamp.

For further particulars and powers of the committee, depositors are referred to the agreement of which this plan is a part.

AGREEMENT.

An agreement made this 15th day of October, 1895, between Louis Fitzgerald, Jacob H. Schiff, T. Jefferson Coolidge, jr., Chauncey M. Depew, Marvin Hughitt, and Oliver Ames, 2d, parties of the first part, and herein called the "Committee," and holders of such bonds and stock of the Union Pacific Railway Co. as shall, conformably with the provisions of the annexed plan and of this agreement, be deposited as in said plan and herein provided, parties of the second part, and herein called "Depositors."

Whereas the parties of the first part have been and hereby are constituted a committee for the reorganization of the affairs of the Union Pacific Railway Co. proper, inclusive of its Kansas Pacific lines, and have formulated the annexed plan for such reorganization: Now, this agreement witnesseth:

That each and every person or party who shall have deposited with either of the depositaries hereunder as hereinafter provided any bonds of the Union Pacific Railway Co. receivable under this agreement, or any stock of said company, hereby promises and agrees to and with the committee and every other party hereto, and they and the committee, respectively, promise and agree as follows:

First. Printed copies of this agreement, certified by a majority of the committee and lodged, respectively, with the depositaries shall be held and taken as the original agreement. The said plan is, and shall be taken to be a part of this agreement, with the same effect as though each and every provision thereof had been embodied herein, and said plan and this agreement shall be read as parts of one and the same instrument, but it is understood, however, that no estimate, statement, explanation, or suggestion in said plan or in the statement which precedes the same, or in this agreement, or in any circular issued or to be issued by the committee, is intended to or shall operate as a representation or warranty or as a condition of the deposit of securities hereunder, and no error or defect therein shall operate to release any depositing security holder, except with the consent of the committee.

Depositors of securities shall receive receipts or certificates of deposit in form to be approved by the committee, specifying the securities deposited and assessments, if any, paid thereon, and all rights of the depositors in respect of such deposits shall be such only as are evidenced by such receipts or certificates; and thereafter the holder of any such receipt or certificate, or of any receipt or certificate issued in lieu thereof or in exchange therefor, shall be subject to this agreement and entitled to have and exercise the rights of the original depositor under the receipt or certificate issued to him in respect of the securities therein mentioned.

The respective receipts or certificates of deposit, and the interest represented thereby, and all rights of the holders in respect of the deposited securities and assessments paid thereon, shall be transferable only subject to the terms and conditions of this agreement and in such manner as the committee shall approve, and upon such transfer the transferees and holders of such receipts or certificates of deposit shall for all purposes be substituted in place of the prior holders, subject to this agreement. All such transferees, as well as the original holders of receipts or certificates of deposit, shall be embraced under the term "Depositors," whenever used herein. Each receipt or certificate of deposit may be treated by the committee and by the depositaries as a negotiable instrument, and the holder for the time being may be deemed to be the absolute owner thereof and of all rights of the original depositor of the bond or stock and assessments in respect of which the same was issued, and neither the depositaries nor the committee shall be affected by any notice to the contrary. By accepting any such receipt or certificate, every recipient or holder thereof shall

thereby become party to this agreement with the same force and effect as though an actual subscriber hereto under seal.

Depositors must in all cases deposit with the certificates for their stock, or with their bonds or other securities, such transfers, assignments, and powers of attorney as may be required by the committee in order to vest in said committee or to enable it to transfer the complete and absolute title to such stock, bonds, or other securities, and to coupons or interest installments on deposited bonds; and the depositors respectively agree at any time, on demand of the committee, to execute any and all transfers, assignments, or writings necessary for vesting complete ownership of the bonds, stocks, or other securities deposited hereunder in said committee or in its nominees, or for the purpose of enabling said committee to carry out said plan of reorganization.

The committee shall have power to fix or limit the time within which all or any class of security holders may deposit their securities and become parties to this agreement, as herein provided, and may, in its discretion and on such terms and conditions as it may see fit, either generally or in special instances, extend or renew the time so fixed or limited.

Holders of securities not deposited in the manner herein provided within the times so fixed, limited, extended, or renewed, will not be entitled to deposit the same or become parties to this agreement or share in the benefits thereof and shall acquire no rights thereunder, except by express consent of the committee and on such terms and conditions as the committee may prescribe. Depositors of stock who shall fail to pay their assessments, or any installments thereof, within such time as shall be fixed or limited shall cease to be entitled to any benefit hereunder or in the securities deposited or assessments paid, and shall absolutely forfeit, without right of redemption, their stock, together with any part of the assessments paid thereon, and the committee may sell the same, or the new securities which may be issued in respect thereof, to any purchaser paying such amount as the committee may determine, and the proceeds thereof may be used for any of the requirements of carrying out said plan and as a reserve for the uses of the new company. The committee may, however, in its discretion, on such terms as it shall see fit, waive by resolution any such forfeiture or failure to pay the assessment within the times allowed.

Second. The depositors hereunder hereby request the committee to endeavor to carry into practical operation this agreement; including the foregoing plan of reorganization, in its entirety or in part, to such extent and in such manner and with such additions, exceptions, and modifications as the committee shall deem to be for the best interests of the depositors. Each and every depositor, for himself and not for any other depositor, does hereby sell, assign, transfer, and set over to the said parties of the first part as joint tenants and not as tenants in common, and to the survivor and survivors of them and to their successors, as a committee, each and every bond, share of stock, security, or obligation or evidence thereof deposited hereunder, and every depositor hereby agrees that the committee shall be, and hereby is, vested with all the power and authority of owners of the stock, bonds, securities, and obligations deposited hereunder, with full right to transfer the same into its own name, as a committee, or into the name of any other person or persons whom the committee may select; to vote thereon at any meeting of stockholders or bondholders or creditors; to use every such stock, bond, security, or obligation as fully and to the same extent as the owner or holder thereof, including power to declare due the principal of any bond or other obligation deposited hereunder, and to revoke any such declaration whenever made; to call or attend and either in person or by proxy to vote at any and all meetings of stockholders or bondholders or creditors of any corporation, however convened; to terminate or to seek to dissolve or modify any trust or lease, in whole or in part; to apply for the determination of the validity thereof, or for the removal of any trustees or the substitution of other trustees, or to take any other steps in respect of any trust or lease or under any provision thereof; to purchase at such prices as it shall see fit, or to pay, compromise, or settle with the holders of any coupons, notes, or other obligations of the Union Pacific Railway Co., or of any or either of the original companies consolidated therein, or of auxiliary companies heretofore related thereto, or any receivers' certificates or obligations issued or which may be issued or incurred by the receivers thereof, and, to apply for that purpose any moneys received from the assessments on the stock, or which may otherwise be received or raised by the committee; to sell and transfer and to effectively assign any and all coupons on deposited bonds, and any rights, claims, or demands for accrued or future interest on such bonds; to give all bonds of indemnity or other bonds, and to charge therewith the securities deposited hereunder or any part thereof, if the committee shall so deem necessary or expedient in carrying out the purposes hereof; to institute or cause to be instituted or to become parties to any legal proceedings which could be instituted by any depositor or any corporation, or any officer of any corporation whose stock or bonds or other obligations (or any part

thereof) are deposited hereunder, and to participate in, adopt, or extend its aid and co-operation in and to any and all legal proceedings now existing; to apply for receivers, or the removal of receivers and the substitution of other receivers, or for the termination of any receivership and the delivery of any property to its owners; to enter into settlement of any litigation now or at any time existing or threatened, in whole or in part, with plenary power to enter into arrangement for decrees, or for facilitating or hastening the course of litigation, or in any way to promote the objects of the plan and the purposes of the committee; to do whatever, in the judgment of the committee, may be necessary to promote or to procure such joint or separate sales of any property or franchises herein concerned, as the committee may deem desirable, wherever the same may be situated; to adjourn the sale of any property or franchises, or of any portion or lot thereof, at discretion; to bid, or to refrain from bidding, at any sale, either public or private, either in separate lots or as a whole, for any property or franchise or any part thereof, whether or not owned, controlled, or covered by any deposited security, including or excluding any particular rolling stock or other property, real or personal, and at, before, or after any such sale to arrange and agree for the resale of any portion of the property which the committee may decide to sell rather than to retain; to hold any property or franchises purchased by the committee, either in its name or in the name of the persons or corporations by it chosen for the purposes of this agreement, and to apply any security deposited hereunder in satisfaction of any bid or toward obtaining funds for the satisfaction thereof, it being understood that the term "property and franchises" includes any and all railroads, railroad and other transportation lines, leaseholds, stock, or other interests in corporations in which the Union Pacific Railway Co. has any interest of any kind whatever, direct or indirect. The amount to be bid or paid by the committee for any property or franchises shall be absolutely discretionary with it; and, in case of the sale to others of any property or franchise, the committee may receive out of the proceeds of such sale or otherwise any dividend in any form accruing on any securities held by it.

The enumeration of specific powers hereby conferred shall not be construed to limit or to restrict general powers herein conferred or intended so to be; and it is hereby distinctly declared that it is intended to confer on the committee, and each depositor hereunder hereby confers on the committee, in respect of all securities deposited or to be deposited, and in all other respects, any and all powers necessary or expedient, or which the committee may deem necessary or expedient, in or toward carrying out or promoting the purposes of this agreement in any respect, even though any such power be apparently of a character not now contemplated; and the committee may exercise any and every such power as fully and effectively as if the same were herein distinctly specified, and as often as, for any cause or reason, it may deem expedient. And it is further understood and agreed that the methods to be adopted for or towards carrying out this agreement shall be entirely discretionary with the committee.

Third. Any moneys paid under or with reference to said plan or this agreement shall be paid over by the depositaries to the committee, and shall be applicable for any of the purposes of the plan and agreement as may be most convenient and as may from time to time be determined by the committee, whose determination as to the propriety and purposes of any such application shall be final, and nothing in said plan shall be understood as limiting or requiring the application of specific moneys to specific purposes. No liability in respect or in favor of any bonds, stocks, obligations, securities or debts not called for and accepted on deposit hereunder, nor in favor of any lease or contract, is assumed hereunder, or by or for any new company (notwithstanding any mention thereof, or estimate in respect thereto, or reservation of securities to provide therefor, in said plan), nor is any trust in this favor created or impressed upon any deposit or payment hereunder, or upon any securities to be issued under the plan. Any obligation in the nature of floating debt or otherwise against the Union Pacific Railway Co. or any property embraced in the plan, either as proposed or as carried out, or any securities held as collateral for any such obligation, may be acquired or extinguished or held by the committee at such times, in such manner, and upon such terms as it may deem proper for the purposes of reorganization, but nothing contained in the plan or in this agreement is intended to constitute, nor shall it constitute, any liability or trust in favor or in respect of any such obligation.

The committee shall have absolute and complete discretion and latitude in the use, disposition, or distribution of all securities of the new company which are specified in the plan as reserved for purposes therein stated, and which are in excess of the securities there embraced in the defined issues for reorganization purposes; and it may use, dispose of, distribute, or apportion any of such reserved securities of the new company in any manner and upon any terms which it may deem expedient or advisable to promote or accomplish the substantial objects and purposes of the plan and of this agreement. In case of any claim, lien, or obligation not herein fully provided for

and affecting the Union Pacific Railway Co., or any property or franchises thereof, the committee may from time to time make such compromise in respect thereto or provision therefor as it may deem suitable, using therefor any securities not expressly required for settlement with depositors; but the total amount of new securities to be created, as set forth in the plan, shall not be increased.

Fourth. The committee may from time to time make contracts or arrangements with any other committee, person, syndicate, or corporation, for the purpose of carrying this agreement, or any of the provisions or purposes thereof, into effect. The committee may employ counsel, agents, and all necessary assistants, and may incur and discharge any and all expenses by the committee deemed reasonable for the purposes of this agreement. Its selection of the depositaries named in the plan, and any selections which may be hereafter made by it of further or substituted depositaries, are hereby authorized, ratified, and confirmed. The committee may prescribe the form of all securities and all of instruments at any time to be issued or entered into under this agreement. It may create and provide for all necessary trusts, and may nominate and appoint trustees thereunder. It may, at public or private sale, or otherwise, dispose of any securities of the new company left in its hands because of any failure to make deposits hereunder. In so disposing of any such new securities thus left in its hands the committee may use the same or the proceeds thereof for the purpose of carrying out the reorganization in such manner as it may deem expedient and advisable.

Fifth. The committee may procure the organization of one or more new companies, or may adopt or use any existing or future companies, and may cause to be made such consolidations, leases, sales, or other arrangements, and may make, or cause to be made, such conveyances or transfers of any properties or securities acquired by the committee and take such other steps as the committee may deem proper for the purpose of creating the new securities provided for in the plan and carrying out all or any of the provisions thereof.

The committee may negotiate and agree with any and all companies or persons for obtaining or granting running powers, terminal facilities, exchanges of property, or any other conveniences which it may deem necessary or desirable to obtain or to grant, and may make contracts therefor binding upon such new company; and generally may authorize, ratify, and make such purchases, contracts, stipulations, or arrangements as will in its opinion operate directly or indirectly to aid in the preservation, improvement, development, or protection of any property of the Union Pacific Railway Co., or to prevent or avoid opposition to, or interference with, the successful execution hereof.

The committee may proceed under this agreement, or any part thereof, with or without foreclosure, and may exercise any power after foreclosure sale.

Any action contemplated in the plan or agreement to be performed on or after completion of reorganization may be taken by the committee at any time when it shall deem the reorganization advanced sufficiently to justify such course, and the committee may defer, as it may deem necessary, the performance of any provision of the plan or agreement, or may refer such performance to the new company.

Sixth. The bonds deposited under this agreement, and all receivers' certificates, coupons, and claims purchased or otherwise acquired under this agreement, shall remain in full force and effect for all purposes, and shall not be deemed satisfied, released, or discharged by the delivery to the depositors of new securities in respect of their deposits, and no legal right or lien shall be deemed released or waived, but said bonds and other claims, and any deficiency judgment obtained in respect of any of said deposited bonds, and any judgment upon any of such claims, and all liens and equities, shall remain unimpaired, and may be enforced by the committee or by the new company or other assigns of the committee until paid or satisfied in full or expressly released. Neither the committee nor any bondholders or creditors of the Union Pacific Railway Co., by executing this agreement or by becoming parties thereto, release, surrender, or waive any lien, right, or claim in favor of any stockholders or other parties interested in such company, and all such liens, rights, or claims shall vest unimpaired in the committee, and in the new company, as its assigns; and any purchase or purchases by or on behalf of the committee, or the new company, under any decree for the enforcement of any such lien, right, or claim shall vest the property purchased in the committee or the new company, free from all interest or claim on the part of such stockholders or other parties.

Seventh. The committee may construe this agreement (including the plan of reorganization), and its construction thereof or action thereunder in good faith shall be final and conclusive.

The committee may supply any omission or correct any error in the plan or in this agreement, and may modify or depart from any provisions thereof which it shall

unanimously deem not to be substantial. In case, however, in the opinion of the committee, any substantial change or alteration of the plan or of this agreement shall be necessary, such amendment shall be made only in the following manner:

A copy of the proposed change or alteration shall be lodged with each of the depositaries under this agreement, and a notice thereof shall be advertised in the manner specified in article 10 hereof. Thereupon any holders of receipts or certificates of deposit who do not assent to such alteration may, at any time before a date specified in such advertisement, which date shall be at least 20 days after the first publication of such advertisement, withdraw the securities represented by their receipts or certificates of deposit upon surrendering their said receipts or certificates of deposits to the proper depositaries.

Any interest paid or advanced in purchase of coupons or otherwise to holders of receipts or certificates in respect of deposited bonds represented thereby, or in respect of the new bonds to be issued in exchange therefor under the plan, must in such case also be repaid with interest by the holders of such certificates of deposit before the deposited bonds represented by such certificates shall be surrendered in exchange therefor. Any assessments paid on deposited stock so withdrawn or the proceeds of the use thereof shall be returned to the holders of certificates of deposit representing such deposited stock, less a pro rata share of the expenses and other expenditures and compensation to the committee incurred up to the date of such withdrawal, which pro rata shall be such as the committee shall estimate to be properly applicable to the stock so withdrawn. All holders of certificates of deposit who shall not exercise this right to withdraw their securities within said time shall be deemed to have assented to and adopted such change or alteration, and shall be bound thereby, and the committee shall be fully authorized to carry the same into effect with all the powers provided in this agreement.

Wherever the plan or this agreement is referred to in the plan or in this agreement it shall be deemed to include any change or alteration thereof so adopted.

The plan may be abandoned by the committee at any time, notwithstanding it may have previously declared the same to be operative.

The committee may at any time abandon such portions and features of the reorganization as relate to any of the lines, or parts of lines, embraced in said plan, which lines, or parts of lines, by reason of failure of holders to deposit securities affecting the same, or for any reason satisfactory to the committee, it may deem expedient to omit from the reorganization; and in such event the committee shall, upon the surrender of the corresponding certificates of deposit and reimbursement of advances in respect to the bonds represented thereby, as above provided in case of withdrawals, return to the holders the deposited bonds secured upon the lines, or portions of lines, thus omitted, and the securities apportioned in the plan to the bonds thus returned shall not be issued.

In case the committee shall finally abandon the entire plan, after having once declared it operative, the stock, bonds, and securities deposited hereunder, or their proceeds, or any stock, bonds, securities, or claims representative thereof then under the control of the committee shall be delivered to the several depositors in amounts representing their respective interests upon surrender of their respective receipts or certificates. In such case the assessment moneys paid by the depositing stockholders, or any coupons, notes, receivers' certificates, or other claims or property acquired therewith, or the proceeds thereof, when received, shall be distributed or equally adjusted among the respective holders of the receipts or certificates of deposit for stock in proportion to the amount of the assessment moneys paid thereon, respectively.

Eighth. The action of a majority of the members of the committee expressed from time to time, either at a meeting or in writing with or without meeting, shall for all purposes constitute the action of the committee, and have the same effect as if assented to by all. It may adopt its own rules of procedure. Any vacancy in the committee may be filled by appointment in writing by the remaining members or a majority of them, and the committee may by action of a majority of its members add to its number. All title, rights, and powers vested in the committee hereunder shall from time to time vest in the members of the committee for the time being without any further appointment, transfer, or assignment whatsoever. In case of absence, any member may vote by any other member as his proxy.

Any member of the committee may at any time resign by giving notice in writing to a majority of the remaining members, and the committee may give full release and discharge to any such member, or to the personal representative of any deceased member. The committee may act through subcommittees or agents, and may delegate any authority, as well as discretion, to any such subcommittee or agent. The committee, or the depositaries, or any present or future member of either may be member of the committee or of the depositaries, and all or any of them may be or

[illegible] interested in any contracts, property, or matters which this [illegible] concerns, including any syndicate agreement, whether or not mentioned [illegible] Any direction given by the committee shall be full and sufficient au- [illegible] of any action of the depositaries or any trust company or other custodian, or [illegible] agent.

[illegible] committee undertakes in good faith to endeavor to carry out said plan [illegible] but the members of the committee assume no personal responsi- [illegible] execution thereof. No member of said committee shall be liable in any [illegible] acts of the other members or of any other committees or of any depositary, [illegible] agents, subcommittees, or employees; nor shall they be person- [illegible] any error of judgment or mistake of law, but each shall be liable only [illegible] willful misfeasance. No depositary shall be liable for the acts of the committee [illegible] depositary hereunder, or of any agents of the committee or of any [illegible]

The members of the committee shall be entitled to receive reasonable compensa- [illegible] such services, and such compensation, with the reasonable expenses of said [illegible] shall be paid as part of the expenses of reorganization, the amounts of such [illegible] and expenses being first approved of by at least four members of the [illegible] The accounts of the committee shall be filed with the board of direc- [illegible] the new company, and when audited by said board of directors shall be bind- [illegible] and conclusive on all parties, and the committee shall be thereby discharged, [illegible] over to the new company any balance in the hands of the committee.

The acceptance of new securities by any depositor shall estop such depositor from [illegible] the conformity of such securities, as to character or otherwise, with any [illegible] of said plan, and the acceptance of new securities by a majority in amount [illegible] depositors shall so estop all depositors of such class.

Fourth. All calls for the deposit of bonds and stocks, for the payment of assessments [illegible] the surrender of certificates, all notices fixing or limiting the time for the deposit [illegible] the payment of assessments, and all other calls or notices hereunder, shall, except when otherwise provided, be inserted in two or more daily papers of general circulation published in the city of New York, and in one or more daily papers of general circulation published in the cities of London, Boston, Amsterdam, and Frankfort, respectively, twice in each week for two successive weeks. Any call or notice whatsoever, when so published by the committee, shall be taken and con- [illegible] as though personally served on all parties hereto and upon all parties becoming [illegible] thereby, as of the respective dates of insertion thereof, and such publication [illegible] be the only notice required to be given under any provision of this agreement.

Fifth. This agreement shall bind the committee and their successors in office [illegible] in accordance herewith and the depositors hereunder, their and each of [illegible] executors, administrators, successors and assigns.

In witness whereof, the members of the committee have hereunto signed their [illegible] and all other parties hereto have deposited securities as above set forth.

REORGANIZATION OF THE BALTIMORE AND OHIO RAILROAD CO.

PLAN AND AGREEMENT

[Dated June 22, 1908.]

Reorganization committee.—Louis Fitzgerald, chairman, August Belmont, Edward R. Bacon, Henry Budge, Eugene Delano, William A. Read, Howland Davis. H. C. Deming, secretary. William C. Gulliver, counsel to reorganization committee.

Reorganization managers.—Speyer Bros., 7 Lothbury, London. Speyer & Co., 30 Broad Street, New York. Kuhn, Loeb & Co., 27 Pine Street, New York.

Counsel to reorganization managers.—Seward, Guthrie & Steele, 40 Wall Street, New York. Evarts, Choate & Beaman, 52 Wall Street, New York. Freshfields & Williams, London.

Advisory committee.—Louis Fitzgerald, Edward R. Bacon, Henry Budge, William A. Read. Alvin W. Krech, secretary, 120 Broadway, New York. William C. Gulliver, counsel to advisory committee.

Depositary.—The Mercantile Trust Co., of New York. London and Westminster Bank, Limited, London agent.

The undersigned committee, at the request of holders of a large amount of the securities, has been for a long time past engaged in an examination of the affairs of the Baltimore & Ohio system and the relative value and earning capacity of the various lines comprised therein, with a view to formulating a plan of reorganization therefor which should fairly recognize the rights of all security holders, and at the same time bring the fixed charges of the reorganized company safely within the net

earning capacity of the system. Much time and attention have been devoted to acquiring full and accurate information as to all details, including a careful examination of the company's accounts for the period of nine years and six months, made by Mr. Stephen Little on behalf of the committee. The aim of the committee has been to formulate a plan for the reorganization of the system which should accomplish the following results:

(*a*) The reduction of the fixed charges to a limit safely within the net earning capacity of the reorganized properties; (*b*) adequate capital for present and future requirements; (*c*) the payment of floating debt and provision for existing car-trust obligations; (*d*) the preservation of the integrity of the system as far as the same can be economically and advantageously accomplished and such control of the reorganized company as shall secure a satisfactory management of the property for a period of years.

Having these objects in view, the annexed plan has been prepared, and Messrs. Speyer & Co. and Messrs. Kuhn, Loeb & Co., of New York, and Messrs. Speyer Bros., of London, have been selected by the committee to act as reorganization managers to carry out the plan.

Messrs. Louis Fitzgerald, Henry Budge, Edward R. Bacon, and William A. Read have been appointed an advisory committee to continue and complete the work of the reorganization committee and to consult and cooperate with the reorganization managers. Any vacancy in the advisory committee occasioned by death, resignation, or otherwise may be filled by the joint action of the reorganization managers and of the remaining members of the advisory committee.

LOUIS FITZGERALD,
AUGUST BELMONT,
EDWARD R. BACON,
HENRY BUDGE,
EUGENE DELANO,
WILLIAM A. READ,
HOWLAND DAVIS,
Reorganization Committee.

NEW YORK, *June 22, 1898.*

PLAN FOR THE REORGANIZATION OF THE BALTIMORE & OHIO RAILROAD CO.—CONDITIONS OF PARTICIPATION.

Participation under this plan of reorganization in any respect whatsoever is dependent upon the deposit of securities with the Mercantile Trust Co., of New York, the depositary named in the reorganization agreement, either at its office, No. 120 Broadway, in the city of New York, or at the London & Westminster Bank (Ltd.), its agency in the city of London, England, within such time as may be fixed by notice, and the plan will embrace only securities so deposited. No securities will be received on deposit unless in negotiable form, and bonds must carry all coupons (or claims for interest on registered bonds) maturing on or after July 1, 1898. The first-mortgage 6 per cent bonds of the Washington City & Point Lookout Railroad Co. must also carry all matured and unpaid coupons.

Pursuant to the offer of the syndicate hereinafter stated, holders of the first and second preferred and common stock of the Baltimore & Ohio Railroad Co. may purchase from the syndicate the new preferred and common stock by depositing their old stock with the Mercantile Trust Co. or its agency in London as above stated, on the following terms: As consideration for shares of the new company, depositors of first preferred stock must pay $2 per share deposited for new preferred and common stock; depositors of second preferred stock must pay $20 per share deposited for new preferred and common stock; and depositors of common stock must pay $20 per share deposited for new preferred and common stock, all as hereinafter indicated on page 10.

The payments by depositors of such preferred and common stocks must be made for account of the syndicate at the offices of the Mercantile Trust Co., in New York, or at its agency in London above named, in not less than three installments at least thirty (30) days apart, when and as called for by advertisement published in each instance at least twice a week for two weeks in at least two of the daily newspapers of general circulation published in the cities of New York, Baltimore, and London, respectively.

All payments must be receipted for by the depositary or its London agent on the certificates of deposit.

Failure to pay any installment when and as payable will subject the deposited stock and all rights on account of any prior payments to forfeiture to the syndicate as provided in the reorganization agreement.

The depositary will issue proper receipts or certificates of deposit for all securities deposited.

The following bonds, coupons, and stocks may be deposited on the terms hereinafter provided:

Baltimore & Ohio Railroad Co. bonds, loan of 1853, extended to 1935 at 4 per cent.

Baltimore & Ohio Railroad Co. 100-year 5 per cent consolidated mortgage bonds of 1888.

Baltimore & Ohio Railroad Co. sterling 6 per cent loan of 1872, due March 1, 1902.

Baltimore & Ohio Railroad Co. sterling 6 per cent loan of 1874, due May 1, 1910.

Baltimore & Ohio Railroad Co. 6 per cent loan of 1879, due April 1, 1919 (account Parkersburg Branch Railroad Co.).

Baltimore & Ohio Railroad Co. 5 per cent bonds, loan of 1885 (account Pittsburgh & Connellsville Railroad Co.).

Baltimore & Ohio Railroad Co. 4½ per cent terminal mortgage bonds of 1894.

Baltimore & Ohio Railroad Co. sterling 4½ per cent loan of 1883, Philadelphia Branch.

Baltimore & Ohio Railroad Co. sterling 5 per cent loan of 1877, due June 1, 1927 (account Baltimore & Ohio & Chicago Railroad Co.).

Baltimore & Ohio Railroad Co. first preferred stock.

Baltimore & Ohio Railroad Co. second preferred stock.

Baltimore & Ohio Railroad Co. common stock.

Pittsburgh & Connellsville Railroad Co. first-mortgage bonds, extended to 1946 at 4 per cent.

Pittsburgh & Connellsville Railroad Co. first-mortgage 7 per cent bonds, due July 1, 1898.

Pittsburgh & Connellsville Railroad Co. 6 per cent consolidated mortgage bonds.

Akron & Chicago Junction Railroad Co. first-mortgage 5 per cent bonds.

Akron & Chicago Junction Railroad Co. preferred stock.

Washington City & Point Lookout Railroad Co. 6 per cent bonds.

Matured and unpaid coupons (and claims for interest on registered bonds), appertaining to any of the above-named bonds except those of the Washington City & Point Lookout Railroad Co. may be deposited separate from the bonds as hereinafter stated.

NEW RAILROAD COMPANY.

Unless the reorganization managers shall decide to proceed without foreclosure or sale, the various properties will be sold under foreclosure of one or more of the existing mortgages, or otherwise dealt with, and a successor company or companies will be organized. The term "new company," as hereinafter used, is intended to mean either the existing company or the new proprietary company or companies which may be organized.

DEPOSITED SECURITIES.

The securities deposited hereunder will be held by the depositary subject to the order and control of the reorganization managers as provided in the reorganization agreement.

All securities deposited under the plan are to be kept alive so long as deemed necessary by the managers for the purposes of reorganization or the protection of the new company or its security holders.

All matured and unpaid coupons and claims for interest on registered bonds (excepting the unpaid coupons on the first-mortgage 6 per cent bonds of the Washington City & Point Lookout Railroad Co., which matured and unpaid coupons, however, must be deposited with the bonds as above stated), may be deposited separate from the bonds, and the same will be paid in cash as soon as practicable after the plan is declared operative, with interest on such coupons (and claims for interest on registered bonds) at the rate of 5 per cent per annum from the date of maturity up to the date when the same are finally paid. Interest will also be paid in cash upon the completion of the reorganization on all deposited bonds (excepting the first-mortgage 6 per cent bonds of the Washington City & Point Lookout Railroad Co. above mentioned), at the rate provided in the old bonds, up to July 1, 1898, from the coupon date last preceding.

The syndicate will purchase such coupons (and claims for interest on registered bonds) matured prior to July 1, 1898, from holders who do not desire to deposit the same under the plan (provided, and so soon as, the bonds to which such coupons, and claims for interest on registered bonds, appertain, have been deposited), at their face value with interest at the rate of 5 per cent per annum from the respective dates of maturity of such coupons or claims for interest, to date of purchase, provided such coupons and claims for interest on registered bonds shall be presented for sale to the

syndicate, at the office of the Mercantile Trust Co., in New York, or at its London agency above mentioned, on or before July 22, 1898.

The syndicate has agreed to purchase for cash, upon the plan being declared operative, all Baltimore & Ohio Railroad Co. 100-year 5 per cent consolidated mortgage bonds, deposited under the plan, whose holders prefer to accept cash rather than to take the new securities, at the price (in New York) of 110 and interest accrued and unpaid since the maturity of the last paid coupon, provided such holders shall signify their election to take cash in the manner and within the time hereinafter limited: Depositors electing to receive cash for their bonds must signify their election by presenting their Mercantile Trust Co. certificates of deposit at the office of that company in New York or at its London agency above specified, within 60 days from the time the plan shall be actually issued, to be stamped as electing to accept such cash payment, and will thereupon be entitled to receive such cash payment so soon as the plan is declared operative by the reorganization managers, upon surrender of their certificates of deposit so stamped.

NEW STOCKS AND BONDS.

The new company is to authorize the following securities:

First. $70,000,000 prior lien 3½ per cent gold bonds, due 1925.

These bonds will bear interest from July 1, 1898, and are to be secured by a mortgage upon the main line and branches, Parkersburg Branch and Pittsburg Division (see appendix, Table C) when acquired by the new company, covering about 1,017 miles of first track, and about 964 miles of second, third and fourth tracks and sidings and also all the equipment now owned by the company of the value of upward of $20,000,000 (see appendix, Table E) or hereafter acquired in any manner except by the use of the $34,000,000 reserved first mortgage bonds, as hereinafter stated.

The right will be reserved to issue, after January 1, 1902, not to exceed $5,000,000 additional of these bonds, at the rate of not exceeding $1,000,000 a year, for the enlargement, betterment or extension of the properties covered by the prior lien mortgage, or for the acquisition of additions thereto.

In case delay should occur in acquiring any of the said lines of railway, the execution of the plan will not for that reason necessarily be postponed, but the existing bonds upon such line deposited under the plan may be pledged under the prior lien mortgage, as security for the bonds issued thereunder, until such line of railway shall be acquired by the new company and subjected to the lien of said mortgage.

The prior lien bonds are to be applied as follows:

In partial exchange for existing bonds (see page 8)	$60,073,090	
Purchased by syndicate to provide cash requirements of plan (see page 8)	9,000,000	
		69,073,090
For contingencies (any surplus to new company)		926,910
		70,000,000

Second. $63,000,000 first mortgage 50-year 4 per cent gold bonds.

These bonds will bear interest from July 1, 1898, and are to be secured by a mortgage which will be a first lien on the Philadelphia, Chicago, and Akron divisons and branches, and the Fairmont, Morgantown and Pittsburgh Railroad, covering about 570 miles of first track, and about 332 miles of second, third and fourth tracks and sidings (see appendix, Table D), and also on the properties now included in the present Baltimore & Ohio terminal mortgage of 1894, when said lines and properties are acquired by the new company; also on the Baltimore Belt Railroad, if and when the same shall be acquired by the new company; and a lien subject to the prior lien mortgage upon the lines, property and equipment covered by the latter.

The right will be reserved to increase the amount of these bonds to $90,000,000 for the enlargement, betterment or extension of the railroads and properties covered by the prior lien mortgage and also those covered by the first mortgage, or for the acquision of extensions or additions thereto or equipment for use thereon, at the rate of not exceeding $1,500,000 a year for the first four years after the organization of the new company and at the rate of not exceeding $1,000,000 a year thereafter. The right will also be reserved to call in and redeem all or any part of the first mortgage bonds after 25 years, at 105, and also to issue not to exceed $75,000,000 additional of said bonds or such lesser amount as may be required to retire the prior lien bonds when due.

In case delay should occur in acquiring any of the said lines of railway or properties to be included under the first mortgage as above stated, the execution of the plan will

not for that reason necessarily be postponed, but the existing bonds upon such line or property deposited under the plan may be pledged under the first mortgage, as security for the bonds issued thereunder, until such line or property shall be acquired by the new company, and subjected to the lien of first mortgage.

The first mortgage bonds are to be applied as follows:

In partial exchange for existing bonds (see page 8)	$36,384,535
Purchased by syndicate to provide cash requirements of plan (see page 8)	12,450,000
For contingencies (any surplus to new company)	1,165,465
	50,000,000
Reserve for new company	7,000,000
	57,000,000
Reserve to be issued only to retire Baltimore Belt Line 5s (see page 8)	6,000,000
	63,000,000

Third. $40,000,000 4 per cent noncumulative preferred stock,

This stock will be entitled to receive noncumulative dividends at the rate of 4 per cent per annum before the payment of any dividend on the common stock. This stock will be applied as follows:

For reorganization purposes (see page 9)	$17,218,700
Purchased by syndicate to provide cash requirements of plan (see page 9)	16,450,000
For adjustment with various outstanding bondholders' and stockholding interest, contingencies, etc. (any surplus to new company)	1,331,300
	35,000,000
Reserve for new company	5,000,000
	40,000,000

Fourth. $33,000,000 common stock.

This stock will be applied as follows:

For reorganization purposes (see page 9)	$31,178,000
For adjustment outstanding securities, contingencies, etc. (any surplus to new company)	3,822,000
	35,000,000

RESTRICTIONS AS TO ADDITIONAL MORTGAGE DEBT AND PREFERRED STOCK.

Provision is to be made that no additional mortgage shall be put upon the property to be acquired by the new company hereunder, and that no increase in the amount of the preferred stock authorized under this plan shall be made, except in each instance after obtaining the consent of the holders of a majority of the whole amount of preferred stock outstanding given at a meeting of the stockholders called for that purpose, and the consent of the holders of a majority of such part of the common stock as shall be represented at such meeting, the holders of each class of stock voting separately. During the existence of the voting trust similar consent of holders of like amounts of the respective classes of certificates of beneficial interest shall also be necessary for the purposes indicated.

VOTING TRUST.

The preferred and common stock of the new company (except such number of shares as may be disposed of to qualify directors) shall be vested in the following five voting trustees: William Salomon, Abraham Wolff, J. Kennedy Tod, Louis Fitzgerald, and Charles H. Coster.

In the event of the death or failure or refusal to serve of any person designated as a voting trustee prior to the creation of the voting trust, the vacancy shall be filled by the reorganization managers. The stock shall be held by the voting trustees, and their successors, jointly (under a trust agreement prescribing their powers and duties and the method of filling vacancies) for five years, although the voting trustees may, in their discretion, as provided in the trust agreement, deliver the stock at an earlier date. Until delivery of stock is made by the voting trustees they shall issue certificates of beneficial interest entitling the registered holders to receive, at the time therein provided, stock certificates for the number of shares therein stated, and in the meanwhile to receive payments equal to the dividends collected by the voting trustees

upon the number of shares therein stated, which shares, however, with the voting power thereon, shall be vested in the voting trustees until the stock shall become deliverable, as provided in the trust agreement and in the certificates of the voting trustees issued thereunder.

SYNDICATE.

A syndicate has been formed by Messrs. Speyer Bros., of London, and Messrs. Speyer & Co., Kuhn, Loeb & Co., August Belmont & Co., Hallgarten & Co., and Vermilye & Co., of New York, which will be conducted by the first-named three firms as syndicate managers, and which agrees—

(1) To purchase $6,975,000 of the new preferred stock and $30,250,000 of the new common stock and to offer the same for sale to depositing holders of old first and second preferred and common stock of the Baltimore & Ohio Railroad Co., as stated on page 3 of this plan.

(2) To purchase $9,000,000 3½ per cent prior lien bonds, $12,450,000 first mortgage 4 per cent bonds, $16,450,000 preferred stock.

(3) To protect the new company in the ownership and possession of the properties covered by $49,974,098 (sterling issues being figured at $4.8666) of the existing mortgage bonds of the old company of different issues, by agreeing to purchase from the new company the new securities not taken, but to which the holders of such bonds would have been entitled if deposited under the plan, at a price equal to the principal of the respective old securities, and also to make advances and perform other obligations essential for the purposes of the plan.

APPLICATION OF SECURITIES.

It is contemplated that as a consideration for the property and securities to be conveyed and delivered to the new company, or which it shall acquire pursuant to the plan, it shall deliver the new bonds and stock, excepting such final amounts of the new bonds as shall be reserved for the future use of the new company. The requisite deliveries of the new securities to depositors and subscribers under the plan will thus be provided for.

The following details show the disposition to be made under the plan of the securities of the new company:

DISPOSITION OF NEW SECURITIES IN DETAIL.

The new prior-lien 3½ per cent gold bonds will be disposed of as follows:

Present authorized issue..... $70,000,000

To be used in partial exchange for existing bonds, as follows:

Existing bonds.	Amount outstanding.	Each $1,000 or £200 receives—	Amount of new prior-lien bonds.
Baltimore & Ohio loan of 1853, extended	$1,661,000	$1,025	$1,702,525
Baltimore & Ohio consolidated mortgage 5 per cent	$11,988,000	1,050	12,587,400
Baltimore & Ohio sterling loan of 1872	£1,921,800	1,020	9,801,180
Baltimore & Ohio sterling loan of 1874	£1,990,600	1,120	11,147,360
Baltimore & Ohio, Parkersburg branch	$3,000,000	1,050	3,150,000
Pittsburgh & Connellsville first extended 4 per cent	$2,581,000	1,025	2,645,525
Pittsburgh & Connellsville first 7 per cent not extended	$1,419,000	1,000	1,419,000
Baltimore & Ohio 5 per cent loan of 1885	$10,000,000	1,000	10,000,000
Pittsburgh & Connellsville 6 per cent consolidated mortgage	£1,352,000	1,025	6,929,000
Chicago division 5 per cent	£1,382,200	100	691,100
			60,073,090
Sold to syndicate for cash requirements			9,000,000
For contingencies (any surplus to new company)			926,910
			70,000,000

The new first mortgage 4 per cent bonds will be disposed of as follows:

Present authorized issue..... $63,000,000

To be used in partial exchange for existing bonds, as follows:

Existing bonds.	Amount outstanding.	Each $1,000 or £200 receives—	Amount of new first-mortgage bonds.
Baltimore & Ohio loan of 1853, extended	$1,661,000	$125	$207,625
Baltimore & Ohio consolidated mortgage 5 per cent	$11,988,000	125	1,498,500
Baltimore & Ohio sterling loan of 1872	£1,921,800	120	1,153,080
Baltimore & Ohio sterling loan of 1874	£1,990,600	120	1,194,360
Baltimore & Ohio, Parkersburg branch	$3,000,000	125	375,000
Pittsburgh & Connellsville first extended 4 per cent	$2,581,000	125	322,625
Pittsburgh & Connellsville first 7 per cent not extended	$1,419,000	150	177,375
Baltimore & Ohio 5 per cent loan of 1885	$10,000,000	125	1,250,000
Pittsburgh & Connellsville 4½ per cent consolidated mortgage	£1,352,000	120	811,200
Philadelphia division 5 per cent	£2,400,000	1,000	12,000,000
Chicago division 5 per cent	£1,382,200	1,070	7,394,770
Akron & Chicago Junction 5 per cent	$1,500,000	1,000	1,500,000
Baltimore & Ohio terminal 4½ per cent	$8,500,000	1,000	8,500,000
			36,384,535
Sold to syndicate for cash requirements			12,450,000
For contingencies (any surplus to new company)			1,165,465
Total			50,000,000
Reserve for new company			7,000,000
			57,000,000
Reserve to be issued only to retire Baltimore Belt Line fives[1]			6,000,000
			63,000,000

[1] The properties covered by the Baltimore Belt Line mortgage will be leased at a rental equivalent to interest at 4 per cent on the existing belt line 5 per cent bonds, which is to be in full payment of said interest. The rental agreement will provide that in consideration of the rental the new company shall have an option to purchase all the said belt line 5 per cent bonds at par and accrued interest at any time within 5 years on 60 days' notice, and that in case the company shall not purchase such bonds within the 5 years specified it will, at the termination of that period, assume the ultimate payment, when due, of the principal of such bonds.

The new preferred stock is to be disposed of as follows:

Total issue $40,000,000

To be used in partial exchange for existing bonds and to purchase existing stocks, as follows:

Existing securities.	Amount outstanding.	Each $1,000 or £200 receives—	Amount of new preferred stock.
Baltimore & Ohio loan of 1853, extended	$1,661,000	$140	$232,540
Baltimore & Ohio consolidated 5 per cent mortgage bonds	$11,988,000	85	1,018,980
Baltimore & Ohio sterling loan of 1872	£1,921,800	40	384,360
Baltimore & Ohio sterling loan of 1874	£1,990,600	160	1,592,480
Baltimore & Ohio 5 per cent loan of 1885	$10,000,000	100	1,000,000
Pittsburgh & Connellsville first extended 4 per cent bonds	$2,581,000	40	103,240
Pittsburgh & Connellsville 6 per cent consolidated mortgage bonds	£1,352,000	200	1,352,000
Chicago division 5 per cent bonds	£1,382,200	100	691,100
Philadelphia division 4½ per cent bonds	£2,400,000	265	3,180,000
Akron & Chicago Junction 5 per cent bonds	$1,500,000	250	375,000
Akron & Chicago Junction preferred stock	$600,000	250	150,000
Washington City & Point Lookout 6 per cent bonds	$328,000	500	164,000
			10,243,700
Purchased by syndicate and offered for sale to depositing holders of $25,000,000 of old common stock, being 20 per cent of the par value thereof	$5,000,000		
Purchased by syndicate and offered for sale to depositing holders of $3,000,000 of old first preferred stock, being 52½ per cent of the par value thereof	1,575,000		
Purchased by syndicate and offered for sale to depositing holders of $2,000,000 of old second preferred stock, being 20 per cent of the par value thereof	400,000		
			6,975,000
			17,218,700
Sold to syndicate for cash requirements			16,450,000
			33,668,700
For adjustment existing securities, contingencies, etc. (any surplus to new company)			1,331,300
			35,000,000
Reserve for new company			5,000,000
			40,000,000

The new common stock is to be disposed of as follows:

Total issue $35,000,000

To be used in exchange for existing bonds and to purchase existing stocks, as follows:

Existing securities.		Amount outstanding.	Each $1,000 receives—	Amount of new common stock.
Akron & Chicago Junction preferred stock		$600,000	$1,000	$600,000
Washington City & Point Lookout 6 per cent bonds		328,000	1,000	328,000
				928,000
Purchased by syndicate and offered for sale to depositing holders of $25,000,000 of old common stock, being 100 per cent of the par value thereof	$25,000,000			
Purchased by syndicate and offered for sale to depositing holders of $3,000,000 of old first preferred stock, being 75 per cent of the par value thereof	2,250,000			
Purchased by syndicate and offered for sale to depositing holders of $2,000,000 of old second preferred stock, being 150 per cent of the par value thereof	3,000,000			
				30,250,000
				31,178,000
For adjustment outstanding securities, contingencies, etc. (any surplus to new company)				3,822,000
				35,000,000

Noninterest-bearing scrip, exchangeable in round amounts for the new securities, will be issued for fractional amounts of new bonds and stocks.

LEASED ROADS.

Holders of bonds or stocks of the following companies are requested to communicate with the advisory committee, giving the amount of their holdings and stating how the same are held: Columbus & Cincinnati Midland Railroad, Central Ohio Railroad, Newark, Somerset & Straitsville Railroad, Sandusky, Mansfield & Newark Railroad, Schuylkill River, East Side Railroad, Winchester & Potomac Railroad, Winchester & Strasburg Railroad.

In order to deal with the holders of these leased-line securities, it is deemed necessary to consider each case separately and upon its merits. After hearing from the holders of a large proportion of each class of securities of said leased lines the matter of adjustment will be considered.

EXISTING GUARANTIES.

If the managers shall deem it advisable to proceed without foreclosure and sale, they will endeavor to secure some satisfactory arrangement in connection with the existing guaranties of the company.

PRESENT FIRST PREFERRED STOCK.

Upon completion of the reorganization the managers, on behalf of the syndicate, will deliver to each depositor of first preferred stock who shall have paid, for account of the syndicate, $2 per share deposited, as provided on page 3 of this plan, the following new securities: For each share of first preferred stock deposited $52.50 in new preferred stock trust certificates, $75 in new common stock trust certificates.

PRESENT SECOND PREFERRED STOCK.

Upon completion of the reorganization the managers, on behalf of the syndicate, will deliver to each depositor of second preferred stock who shall have paid, for account of the syndicate, $20 per share deposited, as provided on page 3 of this plan, the following new securities: For each share of second preferred stock deposited $20 in new preferred stock trust certificates, $150 in new common stock trust certificates.

PRESENT COMMON STOCK

Upon completion of the reorganization the managers, on behalf of the syndicate, will deliver to each depositor of common stock who shall have paid, for account of the syndicate, $20 per share deposited, as provided on page 3 of this plan, the following new securities: For each share of common stock deposited $20 in new preferred stock trust certificates, $100 in new common stock trust certificates.

Estimated cash requirements as of July 1, 1898, and provision therefor.

Unpaid interest, as per Table F		$4,565,375
To provide for existing car trusts, receivers' certificates, and other outstanding obligations		19,192,225
For floating debt, improvements, equipment, working capital, and other purposes of the new company, including also expenses of the reorganization, commission to syndicate, and compensation of the reorganization managers and their associates in the formation of the syndicate		12,334,900
		36,092,500
To meet these requirements the syndicate will contribute	$32,592.500	
The sale of certain securities in treasury is estimated to yield	3,500,000	
Making a total of		36,092,500

POSITION OF THE NEW COMPANY.

The fixed charges for year ending June 30, 1897, as reported by the receivers, were		$7,771,111
The annual fixed charges after reorganization and retirement of existing bonds as proposed, it is estimated, will be as stated in Table B		6,252,351
Decrease of annual fixed charges		1,518,760
The net earnings for year ending June 30, 1896, were, including miscellaneous income		7,330,359
The net earnings for year ending June 30, 1897, were, including miscellaneous income		6,593,990

(For the fiscal year ending June 30, 1897, equipment of the company valued on its books at $1,155,829.95 was put out of service and charged not to operating expenses but to "Profit and loss," because it represented the depreciation of a number of years. As against this, however, extraordinary expenses—estimated at not less than $750,000—for the maintenance of the property generally were incurred during the year and charged to operation. For the year 1898, as stated in the annual report of last year, all equipment when put out of service is replaced with equipment of equal value, as shown on the books of the company, and the cost thereof charged to "Maintenance of equipment.")

The net earnings from the operations of the property for the present fiscal year (April, May, and June approximated) have (notwithstanding liberal charges for maintenance) as compared with the same period of the preceding fiscal year increased	$1,443,909	
Miscellaneous income decreased	62,114	
Net increase		1,381,795
Estimated net earnings for the fiscal year ending June 30, 1898, including miscellaneous income		7,975,785

(Taxes not deducted, they being included in fixed charges. See Table B.)

From which, however, will have to be deducted the sum of about $251,000, representing the decrease in the amount of miscellaneous income which will be occasioned by the proposed sale of securities and the cancellation of sinking-fund investments under the reorganization.

The company, as shown by Mr. Stephen Little's expert examination and report, dated July 11, 1896, from September 30, 1888, to November 30, 1895, a period of seven years and two months, earned net, including miscellaneous income, a yearly average of $7,234,000, without deduction, however, of average taxes amounting to $437,000.

The fixed charges of the new company, on completion of the reorganization, will be well within the past net income of the property, even that of the last fiscal year of extreme depression.

The new company will be relieved from floating debt and the embarrassment of car and wheelage trust payments, and will start not only with a substantial working cash capital but also with power to provide facilities for the increase of business.

The by-laws of the new company will provide that its accounts shall be audited annually by accountants of established reputation.

JUNE 22, 1898.

APPENDIX.

TABLE A.—*Showing the amount of cash and new securities which deposited securities will be entitled to receive on completion of reorganization.*

Existing bonds and stock to be deposited.	Each $1,000 or £200 receives—					Actual percentage for sterling issues, figured at $4.8666.		
	Cash.[1]	New prior lien 3½ per cent bonds.	New first-mortgage 4 per cent bonds.	New preferred stock trust certificates.	New common stock trust certificates.	New prior lien 3½ per cent bonds.	New first-mortgage 4 per cent bonds.	New preferred stock trust certificates.
						Per ct.	*Per ct.*	*Per ct.*
Baltimore & Ohio loan of 1853, extended	$10.00	$1,025	$125	$140	.....	.....	.....	.....
Baltimore & Ohio consolidated mortgage, 5 per cent	20.83	1,050	125	85	.....	.....	.....	.....
Baltimore & Ohio sterling loan of 1872	19.47	1,020	120	40	.....	104.79	12.33	4.11
Baltimore & Ohio sterling loan of 1874	9.73	1,120	120	160	.....	115.07	12.33	16.44
Baltimore & Ohio Parkersburg branch bonds	15.00	1,050	125	.....	.....	.....	.....	.....
Pittsburgh & Connellsville, first extended fours	20.00	1,025	125	40	.....	.....	.....	.....
Pittsburgh & Connellsville, first sevens, not extended	35.00	1,000	125	.....	.....	.....	.....	.....
Baltimore & Ohio fives, loan of 1885	20.83	1,000	125	100	.....	.....	.....	.....
Pittsburgh & Connellsville consolidated mortgage 6 per cent bonds	29.20	1,025	120	200	.....	105.31	12.33	20.55
Chicago division, 5 per cent	4.06	100	1,070	100	.....	10.27	109.93	10.27
Philadelphia division, 4½ per cent	10.95	.....	1,000	265	.....	.....	102.74	27.22
Baltimore & Ohio 4½ per cent terminal bonds of 1894	3.75	.....	1,000	.....	.....	.....	.....	.....
Akron & Chicago Junction bonds	8.33	.....	1,000	250	.....	.....	.....	.....
Akron & Chicago Junction preferred stock	.....	.....	.....	250	$1,000	.....	.....	.....
Washington City & Point Lookout bonds	.....	.....	.....	500	1,000	.....	.....	.....
Old first preferred stock, may purchase from syndicate	.....	.....	.....	525	750	.....	.....	.....
Old second preferred stock, may purchase from syndicate	.....	.....	.....	200	1,500	.....	.....	.....
Old common stock, may purchase from syndicate	.....	.....	.....	200	1,000	.....	.....	.....

[1] Interest at the rate provided in the old bonds, from the date of the last matured coupon next preceding July 1, 1898, up to the date when the new bonds begin to bear interest, namely, July 1, 1898 (exclusive of previously matured coupons otherwise provided for, see p. 4).

TABLE B.—*Fixed charges on completion of reorganization and retirement of existing bonds.*

$70,000,000 prior lien 3½ per cents	$2,450,000
$50,000,000 first-mortgage 4 per cents	2,000,000
Estimated rentals and charges (including Belt Line as stated in footnote, p. 8), say	1,000,000
Taxes [1]	525,351
Terminals	202,000
Ground rents and mortgage interest	75,000
Total	6,252,351

[1] In case foreclosure shall be found necessary, the exemption from taxation under the charter of the old company may be lost and the amount of annual taxes be increased.

TABLE C.—*Mileage of roads to be included in the prior-lien mortgage.*

	First track.	Second, third, and fourth tracks.	Sidings.	Total.
Main line	379.80	329.78	261.87	971.45
Branches:				
Locust Point branch	5.60	5.60	14.81	26.01
Curtis Bay branch	5.30	.....	.45	5.75
Sea Wall branch	1.50	.....	1.61	3.11
Camden cut-off	1.50	1.50	.....	3.00
Washington branch[1]	31.00	31.00	12.49	74.49
Alexandria branch	12.50	.....	1.86	14.36
Metropolitan branch	42.80	21.41	13.36	77.57
Frederick branch	3.50	.....	2.64	6.14
Parkersburg Bridge	1.40	.....	.....	1.40
Benwood Bridge	1.10	.....	.....	1.10
South Baltimore branch	2.00	.....	.43	2.43
Patuxent branch	1.30	.....	.18	1.48
South branch	16.00	.....	.86	16.86
Parkersburg branch	103.30	1.55	38.98	143.83
Washington County Railroad	24.20	.....	5.14	29.34
Berkeley Springs & Potomac	5.95	.....	.87	6.82
Metropolitan Southern	2.25	.....	.....	2.25
Grafton & Belington division	42.00	.....	2.40	44.40
Pittsburgh division:				
Pittsburgh & Connellsville	150.20	59.70	89.86	299.76
Hickman Run branch	2.10	.....	.04	2.14
Salisbury	8.60	.....	6.13	14.73
Grassy Run extension	2.00	.....	2.46	4.46
Hocking extension	1.10	.....	.27	1.37
Berlin branch	8.00	.....	.95	8.95
Somerset & Cambria	45.10	.....	9.23	54.33
Ohio & Baltimore Short Line, eastern division	9.30	.....	3.31	12.61
Fayette County branch	11.80	.....	6.37	18.17
Mount Pleasant branch	9.70	.....	3.61	13.31
Red Stone branch	1.00	.....	.....	1.00
Wheeling, Pittsburgh & Baltimore	65.80	.....	31.42	97.22
Confluence & Oakland	19.70	.....	1.85	21.55
	1,017.40	450.54	513.45	1,981.39

[1] This line can not be directly mortgaged, but will be controlled by deposit with the trustee under the new prior-lien mortgage of two-thirds of its capital stock. The line is not subject to any existing mortgage.

TABLE D.—*Mileage of roads to be included in the first mortgage, and other properties covered thereby.*

	First track.	Second, third, and fourth tracks.	Sidings.	Total.
Philadelphia division:				
Philadelphia branch	52.60	51.10	16.78	120.48
Sparrow Point branch	1.60	.....	.....	1.60
Highlandtown branch	.90	.....	.....	.90
Baltimore & Philadelphia Railroad	36.80	36.80	23.98	97.58
Landenberg branch	14.30	.....	2.97	17.27
Crum Creek branch	2.40	.....	.....	2.40
Market Street branch	3.02	.....	.....	3.02
South Wilmington branch	2.80	.....	.....	2.80
Lancaster, Cecil & Southern	4.00	.....	.20	4.20
Chicago division[1]	282.37	40.60	113.47	436.44
Akron division	76.66	15.63	12.37	104.66
Wooster branch	36.26	.....	3.24	39.50
Fairmont, Morgantown & Pittsburgh	56.60	.....	15.08	71.68
	570.31	144.13	188.09	902.53

[1] Of the mileage given for the Chicago division 34.94 miles are not owned, but are held under trackage rights

The first mortgage will also be a first lien on the properties now covered by the Baltimore & Ohio terminal mortgage of 1894 when acquired.

TABLE E.—*Equipment to be included in prior-lien mortgage.*

Rolling equipment:	
Electric motors	4
Locomotives	897
Passenger coaches	360
Combination coaches	77
Dining cars	9
Baggage and mail cars	97
Express cars	60
Refrigerator cars	14
Officers' cars	9
Pay cars	2
Freight-service cars	38,332
Floating equipment:	
Tugs	8
Steam lighters	2
Covered lighters	15
Barges	31
Floats	2
Pile drivers	2
Open lighters	4

TABLE F.

	Amount outstanding.		Past-due coupons. (1)	Interest at 5 per cent on past-due coupons.	Accrued interest up to July 1, 1898 (2).	Totals in each class of bonds.
Baltimore & Ohio extended fours (loan of 1853).	$1,661,000	3 months' accrued interest, Apr. 1, 1898, to July 1, 1898, on principal.	.....	.....	$16,610	$16,610
Baltimore & Ohio consolidated mortgage 5 per cent bonds.	11,988,000	5 months' accrued interest, Feb. 1, 1898, to July 1, 1898, on principal.	.....	.....	249,750	249,750
Baltimore & Ohio sterling loan of 1872 (£1,921,800, at $4.8666).	9,352,632	Coupon due Mar. 1, 1898.	$280,579	.....	.....	.....
		Interest, 4 months, at 5 per cent, on past-due coupons.	.....	$4,676	.....	.....
		4 months' accrued interest, Mar. 1, 1898, to July 1, 1898, on principal.	.....	.....	187,053	472,308
Baltimore & Ohio sterling loan of 1874 (£1,990,000, at $4.8666).	9,687,454	Coupon due May 1, 1898.	290,624	.....	.....	.....
		Interest, 2 months, at 5 per cent on past-due coupons.	.....	2,422	.....	.....
		2 months' accrued interest May 1, 1898, to July 1, 1898, on principal.	.....	.....	96,875	389,921
Baltimore & Ohio Parkersburg Branch sixes.	3,000,000	Coupon due Apr. 1, 1898.	90,000	.....	.....	.....
		Interest, 3 months, at 5 per cent, on past-due coupon.	.....	1,125	.....	.....
		3 months' accrued interest, Apr. 1, 1898, to July 1, 1898, on principal.	.....	.....	45,000	136,125
Pittsburgh & Connellsville first extended fours.	2,581,000	6 months' accrued interest, Jan. 1 ,1898, to July 1, 1898, on principal.	.....	.....	51,620	51,620
Pittsburgh & Connellsville first sevens, not extended.	1,419,000	6 months' accrued interest, Jan. 1, 1898, to July 1, 1898, on principal.	.....	.....	49,665	49,665
Pittsburgh & Connellsville consolidated mortgage sixes (£1,352,000, at $4.8666).	6,579,643	Coupon due July 1, 1897.	197,389	.....	.....	.....
		Interest, 1 year, at 5 per cent, on past-due coupon.	.....	9,869	.....	.....
		Coupon due Jan. 1, 1898.	197,389	.....	.....	.....

[1] Separate certificates of deposit issued for these coupons.
[2] Included in certificate of deposit for bonds.

...s F—Continued.

			Past-due coupons.	Interest at 5 per cent on past-due coupons.	Accrued interest up to July 1, 1898.	Totals in each class of bonds.
		...est, 6 months, at 5 ... cent, on past-due ...upon.	.....	$4,935	.....	.....
		...ths' accrued interest, Jan. 1, 1898, to ...ly 1, 1898, on principal.	.....	.....	$197,389	$606,971
		...oupon due Aug. 1, 1897.	$250,000	.....	.....	.....
		...nterest, 11 months, at 5 per cent on past-due coupon.	.....	11,458	.....	.....
		Coupon due Feb. 1, 1898.	250,000	.....	.....	.....
		Interest, 5 months, at 5 per cent, on past-due coupon.	.....	5,208	.....	.....
		5 months' accrued interest, Feb. 1, 1898, to July 1, 1898, on principal.	.....	.....	208,333	724,999
	...,315	Coupon due Dec. 1, 1897.	168,165	.....	.....	.....
		Interest, 7 months, at 5 per cent, on past-due coupon.	.....	4,905	.....	.....
		Coupon due June 1, 1898.	168,165	.....	.....	.....
		Interest, 1 month, at 5 per cent, on past-due coupon.	.....	701	.....	.....
		1 month's accrued interest, June 1 1898, to July 1, 1898, on principal.	.....	.....	28,028	369,964
	...,000,000	Coupon due Nov. 1, 1897.	150,000	.....	.....	.....
		Interest, 8 months, at 5 per cent, on past-due coupon.	.....	5,000	.....	.....
		Coupon due May 1, 1898.	150,000	.....	.....	.....
		Interest, 2 months, at 5 per cent, on past-due coupon.	.....	1,250	.....	.....
		2 months' accrued interest, May 1, 1906, to July 1, 1898, on principal.	.....	.....	50,000	356,250
	$3,500,000	Coupon due Dec. 1, 1897.	191,250	.....	.....	.....
		Interest, 7 months, at 5 per cent, on past-due coupon.	.....	5,578	.....	.....
		Coupon due June 1, 1898.	191,250	.....	.....	.....
		Interest, 1 month, at 5 per cent, on past-due coupon.	.....	797	.....	.....
		1 month's accrued interest, June 1, 1898, to July 1, 1898, on principal.	.....	.....	31,875	420,750
...Division ...d one-halfs ...,000, at $4,000).	11,679,840	Coupon due Oct. 1, 1897.	262,796	.....	.....	.....
		Interest, 9 months, at 5 per cent, on past-due coupon.	.....	9,854	.....	.....
		Coupon due Apr. 1, 1898.	262,796	.....	.....	.....
		Interest, 3 months, at 5 per cent, on past-due coupon.	.....	3,285	.....	.....
		3 months' accrued interest, Apr. 1, 1898, to July 1, 1898, on principal.	.....	.....	131,398	670,129
...kron & Chicago Junction fives.	1,500,000	Coupon due May 1, 1898.	37,500	.....	.....	.....
		Interest, 2 months, at 5 per cent, on past-due coupon.	.....	313	.....	.....
		2 months' accrued interest, May 1, 1898, to July 1, 1898, on principal.	.....	.....	12,500	50,313
Total	.....	.....	3,137,903	71,376	1,356,096	.....
Grand total	.....	.....	.....	.....	.....	4,565,375

REORGANIZATION AGREEMENT.

An agreement made this 22d day of June, 1898, between Louis Fitzgerald, August Belmont, Edward R. Bacon, Henry Budge, Eugene Delano, William A. Read, and Howland Davis (hereinafter called the "Reorganization Committee"), parties of the first part; Speyer & Co. and Kuhn, Loeb & Co., of New York, and Speyer Bros., of London (hereinafter called the "Managers"), parties of the second part; holders of the mortgage bonds, stocks, and evidences of indebtedness hereinafter mentioned, who shall become parties to this agreement (hereinater called "Depositors"), parties of the third part; and the Mercantile Trust Co., of the city of New York (hereinafter called the "Depositary"), party of the fourth part.

Whereas, the Baltimore & Ohio Railroad Co. has made default in the payment of its obligations, and receivers of its railroads and property have been appointed;

And whereas, the plan referred to in this agreement has been proposed by the Reorganization Committee for the reorganization of the railroad company: Now, therefore, it is mutually agreed by and between the respective parties hereto as follows:

First. A printed copy of this agreement, signed by the parties hereto of the first, second, and fourth parts, shall be lodged with the Mercantile Trust Co., in the city of New York, and a duplicate, signed in like manner, shall be lodged with the London and Westminster Bank (Ltd.), in the city of London. Each of said copies shall be taken as a complete and original instrument, but both shall constitute but one agreement. The foregoing plan is and shall be taken to be a part of this agreement, with the same effect as though each and every provision thereof had been embodied herein, and said plan and this agreement shall be read as parts of one and the same paper; but no estimate, statement, explanation, or suggestion contained in the said plan or this agreement, or in any circular issued, or which may hereafter be issued, by the Depositary or by the Reorganization Committee, or by the Managers, is intended, or is to be accepted as a representation or warranty, or as a condition of deposit or assent under the plan and this agreement, and no defect or error shall release any deposit under this plan and agreement, or affect or release any assent thereto, except by written consent of the Managers.

Holders of the following-named bonds and coupons (or claims for interest on registered bonds) and stocks, or any of them, may become parties to this plan and agreement by depositing their securities with the Depositary upon the terms and conditions specified in the plan and this agreement, or hereafter defined, and within the periods which shall be fixed or limited by the Managers:

Baltimore & Ohio Railroad Co. bonds, loan of 1853, extended to 1935, at 4 per cent.

Baltimore & Ohio Railroad Co. 100-year 5 per cent consolidated mortgage bonds of 1888.

Baltimore & Ohio Railroad Co. sterling 6 per cent loan of 1872, due March 1, 1902.

Baltimore & Ohio Railroad Co. 6 per cent sterling loan of 1874, due May 1, 1910.

Baltimore & Ohio Railroad Co. 6 per cent loan of 1879, due April 1, 1919 (account Parkersburg Branch Railroad Co.).

Baltimore & Ohio Railroad Co. 5 per cent bonds, loan of 1885 (account Pittsburgh & Connellsville Railroad Co.).

Baltimore & Ohio Railroad Co. 4½ per cent terminal mortgage bonds of 1894.

Baltimore & Ohio Railroad Co. sterling 4½ per cent loan of 1883, Philadelphia Branch.

Baltimore & Ohio Railroad Co. sterling 5 per cent loan of 1877, due June 1, 1927 (account Baltimore & Ohio and Chicago Railroad Co.).

Baltimore & Ohio Railroad Co. first preferred stock.

Baltimore & Ohio Railroad Co. second preferred stock.

Baltimore & Ohio Railroad Co. common stock.

Pittsburgh & Connellsville Railroad Co. first mortgage bonds, extended to 1946 at 4 per cent.

Pittsburgh & Connellsville Railroad Co. first mortgage 7 per cent bonds, due July 1, 1898.

Pittsburgh & Connellsville Railroad Co. 6 per cent consolidated mortgage bonds.

Akron & Chicago Junction Railroad Co. first mortgage 5 per cent bonds.

Akron & Chicago Junction Railroad Co. preferred stock.

Washington City & Point Lookout Railroad Co. 6 per cent bonds.

Matured and unpaid coupons (and claims for interest on registered bonds) appertaining to any of the above bonds, except those of the Washington City & Point Lookout Railroad Co.

Also such other mortgage bonds or stocks, if any, of any other railroad company or companies heretofore known as parts of the Baltimore & Ohio Railroad system as

the Managers may hereafter decide to admit to participation in the plan upon terms to be fixed by the Managers.

Such holders must in all cases deposit the certificates for their stock, or their bonds or coupons, or claims for interest on registered bonds or other securities, with such transfers, assignments, and powers of attorney, as may be required by the Managers in order to vest in them, and to enable them to transfer the complete and absolute title to such stocks, bonds, coupons, claims for interest, or other securities, and the Depositors agree, respectively, at any time on demand of the Managers to execute any and all other transfers, assignments, or writings required for vesting the complete ownership of the bonds, coupons, claims for interest, and stocks deposited hereunder in the Managers or their nominees. All Depositors shall receive certificates of deposit in form to be prescribed by the Managers specifying the respective bonds, coupons, claims for interest, or stock deposited, and the holders of such certificates of deposit issued hereunder shall be entitled, subject to any provisions contained in such certificates, only to the rights and benefits specified in the plan and this agreement as accruing to the holders of the bonds, coupons, claims for interest, or stocks of the class represented by such certificates, respectively, or granted by the Managers pursuant to the powers conferred upon them, and thereafter the holder of any such certificate or of any certificate issued in lieu thereof or in exchange therefor shall be subject to the plan and this agreement and entitled to have and exercise only the rights of the original depositor under the certificate issued to him in respect of the securities therein mentioned.

Such certificates of deposit issued hereunder and the interests represented thereby shall be transferable only subject to the terms and conditions of the plan and this agreement, and in such manner as the Managers shall approve; and upon such transfer all rights of the Depositors or in respect of the deposited bonds, coupons, claims for interest, or stock represented by such certificates, together with all installments paid by the Depositors of such stock, or their transferees, and all rights under the certificates of deposit transferred, shall pass to the transferee, and the transferees and holders of such certificates of deposit shall for all purposes be substituted in place of the prior holders, subject to this agreement. All such transferees, as well as the original holders of certificates of deposit issued hereunder, shall be embraced under the term "Depositors," whenever used herein. Each certificate of deposit may be treated by the Managers and by the Depositary as a negotiable instrument, and the holder for the time being may be deemed to be the absolute owner thereof, and of all rights of the original Depositor of the bond, coupon, claim for interest, stock, or other security in respect of which the same was issued, and neither the Depositary nor the Managers shall be affected by any notice to the contrary. By accepting any such certificate, every recipient or holder thereof shall thereby become party to the plan and this agreement with the same force and effect as though an actual subscriber hereto. The term Depositor, whenever used herein, is intended, and shall be construed, to include not only persons acting in their own right, but also trustees, guardians, committees, agents, and all persons acting in a representative or fiduciary capacity, and those represented by or claiming under them, and partnerships, associations, joint-stock companies, and corporations. No rights hereunder shall accrue in respect of any securities hereinbefore mentioned unless, or until, the same shall have been subjected to the control of the Managers and to the operation of the plan and this agreement as herein provided.

The Depositary shall receive the deposited stocks, bonds and coupons, claims for interest, or other securities, and shall hold the same respectively subject to the order and control of the Managers.

The Managers may in their discretion fix or limit the period or periods within which holders of bonds, coupons, claims for interest, or stock or other securities, or any class thereof, may deposit their securities, and within which they may become parties to the plan and this agreement, and the periods within which must be paid the installments of cash payable by depositing holders of first and second preferred and common stock as consideration for new preferred and common stock, and in their discretion, either generally or in special instances, may extend or renew the period or periods so fixed or limited, on such terms and conditions as they may see fit.

Holders of securities, not deposited within the periods respectively fixed or limited therefor, will not be entitled to deposit the same or to become parties to this agreement or to share in the benefits thereof, and shall acquire no rights thereunder, except upon obtaining the express consent of the Managers, who may withhold or give such consent in their absolute discretion and upon such terms and conditions as they may see fit.

The several installments of cash, payable by depositing stockholders as provided in the plan and this agreement, must be paid to the Managers for account of the syndicate, and must be receipted for by the Depositary on the respective certificates of deposit

issued for such stock. The depositing stockholders agree that all such installments of cash may be used at any time by the Managers, for any of the purposes of the plan and this agreement. Depositors of stock and holders of certificates of deposit for deposited stock respectively agree that prompt payment of the several installments of cash payable by them respectively on the terms of the plan and this agreement is an essential condition to their acquisition of new stock by purchase from the syndicate under the plan and this agreement, and that any depositor or any holder of a certificate of deposit for stock who shall fail to make prompt payment of any installment of cash payable as provided in the plan within the periods fixed or limited by the Managers for such payment shall forthwith, and without further or other notice or action, cease to have any rights, or to be entitled to any benefits hereunder, and in every such case the deposited stock and any cash paid as above provided prior to the date of such default shall vest in and belong to the syndicate, and that no such defaulting depositor or certificate holder shall be entitled to the return or repayment thereof, or to have any further interest or rights in respect thereof. The Managers, however, in their discretion, may on behalf of the syndicate waive any such default and accept payment of overdue installments due from any depositor at any time before final settlement of accounts with the syndicate.

Second. The depositors hereby irrevocably request the Managers to endeavor to carry into practical operation the plan and this agreement in its entirety or in part, to such extent and in such manner and with such additions, exceptions, and modifications as the Managers shall deem to be for the best interests of the depositors or of the properties finally embraced in the reorganization. Each and every depositor, for himself and not for any other, does hereby sell, assign, transfer, and set over to the Managers as copartners, and to the survivor and survivors of them and to their successors, each and every bond, coupon, claim for interest on registered bonds, share of stock, security, or obligation or evidence thereof deposited hereunder, and every depositor hereby agrees that the Managers shall be and they are hereby vested with all the rights and powers of owners of the stocks, bonds, coupons, claims for interest, securities and obligations deposited hereunder, including the right to transfer the same into their own names, as copartnerships and as Managers, or into the name of any other person or persons whom they may select; and (without limiting the foregoing provision) it is hereby declared that the Managers shall be fully authorized to vote thereon at any meeting of stockholders or bond or certificate holders or creditors; to use every such stock, bond, coupon, claim for interest, receipt, security, or obligation as fully and to the same extent as the owner or holder thereof; to declare due the principal of any bond or other obligation deposited hereunder, and to revoke any such declaration whenever made; to call or attend, and, either in person or by proxy, to vote at any and all meetings of stockholders, bondholders, or creditors of any corporation however convened; to terminate or to seek to dissolve or modify any trust, contract, or lease, in whole or in part; to apply for the determination of the validity thereof, or for the removal of any trustees or the substitution of other trustees, or to take any other steps in respect of any trust, contract, or lease, or under any provision thereof; to purchase at any time or times, at such prices as they shall deem proper, or to pay, compromise, or settle with the holders of any coupons, notes, or other indebtedness or car trust or other obligations of any of the railroad companies, or any receiver's certificates or obligations issued or which may be issued or incurred by the receivers thereof, and to apply for that purpose any moneys received from the sale of trust certificates for stock in the new company, or which may otherwise be received or raised by them; to borrow money for any of the purposes of this agreement, and to charge or pledge any deposited securities, property purchased, or new securities to be issued, for the payment of any moneys borrowed; to give all bonds of indemnity or other bonds, and to charge therewith the securities deposited hereunder, or any part thereof; to institute or to become parties to any legal proceeding; to apply for receivers, or for the removal of receivers and the substitution of other receivers, or for the termination of any receivership and the delivery of any property to its owners; to settle any litigation now or at any time existing or threatened in whole or in part, with plenary power to enter into arrangements for decrease, or for facilitating or hastening the course of litigation, or in any way to promote the consummation of the plan; to do whatever, in the judgment of the Managers, may be necessary to promote or to procure the sale as an entirety or the joint or separate sales of any lands, property, or franchises herein concerned, wherever situated; to adjourn any sale of any property or franchises, or any portion or lot thereof, at discretion; to bid, or to refrain from bidding, at any sale, either public or private, either in separate lots or as a whole, for any property or franchises, or any part thereof, whether or not owned, controlled, or covered by any deposited security, including or excluding any particular rolling stock or other property, real or personal; and at, before, or after any sale to arrange and agree for the resale

of any portion of the property which they may decide to sell rather than to retain; to hold any property or franchises purchased by them either in their name or in the name of persons or corporations by them chosen for the purposes of this agreement, and to apply any security embraced hereunder in satisfaction of any bid or toward obtaining funds for the satisfaction thereof; and the term property and franchise shall include any and all railroads, railroad and other transportation lines, branches, leaseholds, lands, rights in lands, mining rights, stocks, or other interests in corporations in which the railroad company has any interest of any kind whatever, direct or indirect. The amount to be bid or paid by the Managers for any property or franchises shall be absolutely discretionary with them; and, in case of the sale to others of any property or franchises, the Managers may receive, out of the proceeds of such sale, or otherwise, any dividend in any form accruing on any securities held by them.

Third. The Managers may procure the organization of one or more new companies, or they may adopt or use any existing or future companies, and they may cause to be made such consolidations, leases, sales, or other arrangements and may make or cause to be made such conveyances or transfers of any properties or securities acquired by them, and may take such other proceedings as they may deem proper for the purpose of creating the new securities provided for in this plan and agreement and for carrying out all or any of the provisions thereof. The Managers shall further be authorized to receive and dispose of, in accordance with any of the provisions of this plan and agreement, the new securities to be created, and the Managers may vote upon all the stock of such new corporation for all purposes in their judgment necessary to carry out the plan until the same shall be delivered to the voting trustees or to the depositors who shall be entitled to receive the same.

Fourth. The Managers may construe the plan and this agreement; and their construction thereof or action thereunder, in good faith, shall be final and conclusive. They may supply any defect or omission, or reconcile any inconsistency in such manner and to such an extent as shall be necessary to carry out the same properly and effectively, and they shall be the sole judges of such necessity. They shall be the sole and final judges as to when and whether the assent of enough parties interested in the railroad company shall have been obtained to warrant them in declaring the same or any part thereof operative, or in carrying the same or any part thereof into effect, and as to when and whether a sufficient number of the existing bonds upon the lines of railway to be included in the prior lien or first mortgages, respectively, have been deposited, to warrant the execution by the new company of such prior lien or first mortgage, respectively, and the issue of bonds thereunder, pending the acquisition of such lines of railway by the new company, and they shall have power whenever they shall deem proper, at any time before the new securities shall have been issued and delivered to the Depositors, to abandon or to alter, modify or depart from, the plan of reorganization, or any part thereof, except the provisions for the voting trust. They may at any time or times after any such partial abandonment, restore to the plan any abandoned part or parts thereof, and may seek to carry the same into effect, as fully as if such part or parts had not been abandoned. They may also attempt to carry the plan into effect rather than abandon or modify the same, even though it be manifest that, as carried out, the plan must depart from the original plan or from some part thereof. But in case of any intentional change or modification or departure from the plan, which in their judgment shall materially affect any of the several classes of Depositors, or their mutual relations, a statement of such proposed change, modification, or departure shall be filed with the Depositary in New York and also with its agent, the London & Westminster Bank (Ltd.), in London, and notice of the fact of such filing shall be given as hereafter provided in article twelfth; and within two weeks after final publication all holders of the outstanding certificates for such particular class or classes of securities affected thereby may surrender their respective certificates therefor and withdraw securities of such particular class or classes, or the proceeds thereof, or substitutes therefor then under the control of the Managers, to the amount indicated in such certificates, provided, however, that in every case of withdrawal and cancellation the certificate holders shall, respectively, make payment of their shares of the expenses of the Managers, as apportioned by the Managers. Every depositor of securities not so surrendering and withdrawing within such two weeks after final publication shall be deemed to have assented to the proposed changes or modifications, and whether or not otherwise objecting, shall be bound thereby as fully and effectively as if he had actually assented thereto. Any changes or modifications finally made by the Managers shall be part of the plan and this agreement; and all provisions and references concerning the plan shall apply to the plan so changed or modified. In every such case of withdrawal any cash advanced to depositors and any interest paid or advanced to holders of certificates of deposit in respect of deposited bonds, represented by such certificates of deposit, or in respect of the new bonds to be issued in exchange therefor under the

plan must be repaid, if the Managers so require, by the holders of such certificates before the deposited bonds, represented by such certificates of deposit shall be surrendered in exchange therefor; but any interest collected by the Managers on deposited securities will, in case of such withdrawal, be accounted for by the Managers to the holders of the certificates of deposit for such securities. In case the Managers shall finally abandon the entire plan, the stocks and bonds and coupons deposited hereunder or their proceeds, or any stocks, bonds, coupons, securities, or claims or representatives thereof, then under the control of the Managers, shall be delivered to the several Depositors in amounts representing their respective interests upon surrender of their respective certificates and payment of such actual expenses as shall have been incurred by the Managers, and the Managers shall have power to determine and to apportion upon the several classes of securities deposited hereunder the share of expense to be borne by each security. In any such case any moneys paid by the depositing stockholders, or any coupons, receiver's certificates, or other obligations, claims, or property acquired therewith or the proceeds thereof when received, remaining after deducting therefrom the share of the expenses incurred by the Managers under this agreement apportioned upon such depositing stockholders shall be equitably distributed or adjusted among the respective holders of certificates of deposit therefor. But the Managers shall not be held liable for loss of any such money disbursed by them for the purposes of this agreement nor for the depreciation in value of any property or securities purchased by them, and the depositing stockholders or holders of such certificates of deposit shall have no claim for the repayment of any such moneys except to the extent of their ratable shares of such moneys or their proceeds at the time remaining in the hands of or subsequently collected by the Managers after payment of such expenses.

Fifth. The Managers may proceed under the plan and this agreement or any part thereof with or without foreclosure, and in case of foreclosure may exercise any power either before or after foreclosure sale; and in every case all the provisions of the plan and this agreement shall equally apply to and in respect of any physical properties embraced under the reorganization and to and in respect of any securities representing any such property, it being intended that for all purposes thereunder any such property and any security representing such property may be treated by the Managers as substantially identical. In case any separate plan shall in the opinion of the Managers become necessary or expedient to effect the reorganization of any subordinate or other company, the Managers may promote and participate in any such reorganization and may deposit thereunder any securities thereby affected.

In case of any claim, lien, or obligation not herein fully provided for and affecting the railroad company, or any property or franchises thereof, the Managers may from time to time (subject, however, to article sixth hereof) make such compromise in respect thereto or such provision therefor as they may deem suitable, using therefor any securities not expressly required for settlement with Depositors or not expressly reserved for liens or obligations specified in the plan, but the total amount of new securities to be created as set forth in the plan shall not thereby be increased.

Any action contemplated in the plan and this agreement to be performed on or after completion and reorganization may be taken by the Managers at any time when they shall deem the reorganization advanced sufficiently to justify such course, and the Managers as they may deem necessary may defer the performance of any provision of the plan and this agreement, or may commit such performance to the new company.

They may also in their discretion set apart and hold in trust or place in trust with any trust company any part of the new securities to be issued and cash which may be received from sales of new securities or otherwise as they may deem judicious for the purpose of securing the application thereof for any of the purposes of the plan and this agreement.

Sixth. From time to time, for the purpose of carrying this agreement into effect, or of obtaining assents thereto, the Managers, either generally or in specific instances, may make contracts with any person, syndicate, or corporation; and, in their discretion, either generally or in specific instances and upon such general or special terms and conditions as they may deem proper, may arrange to procure the deposit of securities hereunder; they may also, from time to time, by loan, guaranty, or by sale of the new securities to be created or otherwise upon such terms, conditions, and rates as said Managers may deem proper, may obtain any moneys required to carry out the plan and this agreement, including such sums as the Managers may deem expedient to provide for the uses of the new company; and for the performance of any contract said Managers may charge the deposited securities and the new securities to be issued and may pledge the same for the payment of any moneys borrowed and interest thereon, and other performance of any other obligations incurred under the powers herein conferred. The Managers may employ counsel, agents, and all neces-

sary assistance, and may incur and discharge any and all expenses by them deemed reasonable for the purpose of this agreement. They may prescribe the form of all securities, mortgages, and all instruments at any time to be issued or entered into. They may create and provide for all necessary trusts, and may nominate and appoint trustees thereunder, excepting that the voting trustees shall be appointed as stated in the plan. The Managers may, at public or private sale, or otherwise, dispose of any bonds and trust certificates for stock of the new company left in their hands because of any failure to make deposits hereunder. In so disposing of any such new securities thus left in their hands they may use the same or the proceeds thereof for the purpose of carrying out the reorganization in such manner as they may deem expedient and advisable. At the time of the creation of the new securities or as soon thereafter as may be the Managers may take such action (either by creating lesser amounts of securities or otherwise) as they may deem necessary to guard against the issue of such particular securities in any manner or to any extent inconsistent with the purposes of the plan.

Seventh. The said firms of Speyer & Co. and Kuhn, Loeb & Co., of New York, and Speyer Bros., of London, shall be the Managers under this agreement. So far as practicable the three firms as such Managers shall act and concur in all steps and proceedings hereunder, but in the event of the three firms not concurring, the concurrent action of any two of said firms shall be the action of the Managers, and no action shall be taken except with the assent of at least two of said three firms. The said firms as Managers shall each act as a copartnership, and in case of any change in either of said firms, the respective firms of Speyer & Co., Kuhn, Loeb & Co., and Speyer Bros., or their respective successor firms, as from time to time constituted, shall continue as Managers, with all the powers, rights and title vested in the Managers hereunder. Neither the Reorganization Committee nor the Managers nor the Depositary assume any personal responsibility for the execution of the plan, or of this agreement, or any part of either, nor for the result of any steps taken or acts done for the purposes thereof; the Managers, however, undertaking in good faith to endeavor to execute the same. No member of the Reorganization Committee, nor any Depositary nor any of the Managers shall be personally liable for any act or omission of any agent or employee selected in good faith, nor for any error of judgment or mistake of law, nor in any case except for his, its, or their own individual willful malfeasance or neglect, and no member of the Reorganization Committee shall in any case be personally liable for the act or omission of any other member, nor for the acts of any Depositary or of the Managers; nor shall any Depositary or any of the Managers be personally liable for the acts or defaults of the Reorganization Committee or any member thereof, or of any other Depositary, or Manager, or of any trust company. The Managers may act through any committee or agents, and may delegate any authority, as well as discretion, to any such committee or agent, and the members of such committee or such agents may be allowed a reasonable compensation for their services hereunder. The Managers shall be entitled to compensation for their services, which shall be fixed by agreement between the Managers and the Reorganization Committee, and as so fixed, shall be finally binding and conclusive upon all parties. The Managers shall have the right to form or procure the formation of any syndicate or syndicates which they may deem necessary or advantageous for carrying out the purposes of the plan, and may act as Managers of such syndicate or syndicates. Any member of either firm of the Managers or Depositaries, or any member of the Reorganization Committee, at any time, may be a voting trustee, and any of said firms or any member thereof or any Depositary or any member of the Reorganization Committee may be or become pecuniarily interested in any contracts, property, or matters which this agreement concerns, including participation in or under any syndicate agreement, as Syndicate Managers, or otherwise, whether or not mentioned in the plan. Any direction given by the Managers shall be full and sufficient authority for any action of the Depositary or of any trust company or of any other custodian or of any committee or agent.

The Reorganization Commitee shall be entitled to compensation for their services, which shall be fixed by agreement between the Managers and the Reorganization Committee, and as so fixed, shall be finally binding and conclusive upon all parties. It may discharge any and all reasonable expenses, including counsel fees, by it incurred for any of the purposes of this agreement. Its accounts shall be filed with the Managers, and when approved by the Managers, shall be finally binding and conclusive upon all parties having any interest therein. The compensation of the said Reorganization Committee shall be paid as part of the expenses of the reorganization.

Eighth. The Managers may negotiate and contract with any and all companies or persons for obtaining or granting running powers, terminal facilities, exchanges of property, or any other convenience which they may deem necessary or desirable to obtain or to grant, and may make contracts therefor binding upon such new company, and generally may ratify and make such purchases, contracts, stipulations, or arrange-

ments as will in their opinion operate directly or indirectly to aid in the preservation, improvement, development, or protection of any property now constituting the Baltimore & Ohio Railroad system, or which the railroad company or any subordinate company has contracted to acquire, or to prevent or avoid opposition to or interference with the successful execution hereof.

Ninth. The accounts of the Managers shall be filed with the board of directors of the new company within one year after its organization shall have been completed, unless a longer time be granted by the said board. The accounts, when approved by such board of directors, shall be final, binding, and conclusive upon all parties having any interest therein, and thereupon the Managers shall be discharged. The acceptance of new securities by any depositor shall estop such acceptor from questioning the conformity of such securities in any particular to any provisions of the plan; and the acceptance of new securities by the holders of a majority in amount of the certificates of deposit for any class of securities shall in each case respectively estop all holders of certificates of deposit for securities of that class.

Tenth. The enumeration of specific powers hereby conferred shall not be construed to limit or to restrict general powers herein conferred or intended so to be; and it is hereby distinctly declared that it is intended to confer on the Managers, in respect of all securities deposited or to be deposited, and in all other respects, any and all powers which the Managers may deem necessary or expedient in or toward carrying out or promoting the purposes of the plan and this agreement in any respect, even though any such power be apparently of a character not now contemplated; and the Managers may exercise any and every such power as fully and effectively as if the same were herein distinctly specified, and as often as, for any cause or reason, they may deem expedient. The methods to be adopted for or toward carrying out this agreement shall be entirely discretionary with the Managers.

The bonds, coupons, claims for interest on registered bonds, and other obligations deposited under the plan and this agreement, and all receivers' certificates, coupons, and claims purchased or otherwise acquired under this agreement, shall remain in full force and effect for all purposes, and shall not be deemed satisfied, released, or discharged by any delivery of new securities; and no legal right or lien shall be deemed released or waived, but said bonds and other claims, and any judgment upon any of such claims, including claims and judgments for deficiencies, and all liens and equities, shall remain unimpaired, and may be enforced by the Managers or by the new company or by any other assign of the Managers until paid or satisfied in full or expressly released. Neither the Managers nor any bondholders or creditors of the railroad company, by executing this agreement, or by becoming parties thereto, release, surrender, or waive any lien, right, or claim in favor of any stockholders or other creditors of such company, and all such liens, rights, or claims shall vest unimpaired in the Managers and in the new company, or its assigns, severally and respectively; and any purchase or purchases by or on behalf of the Managers, or the new company, under any decree for the enforcement of any such lien, right, or claim, shall vest the property purchased in the Managers or the new company free from all interest or claim on the part of any such stockholders, creditors, or other parties. No right is conferred, nor any trust, liability, or obligation (except the agreements herein contained in favor of the holders of certificates of deposit hereunder) is created by the plan and this greement, or is asumed hereunder, or by or for any new company in favor of any bondholder, or any other creditor, or of any holder of any claim whatsoever against the railroad company, nor in favor of any company now existing or to be formed hereafter (whether such claim be based on any bonds, coupons, stocks, securities, lease, guaranty or otherwise), with respect to any securities deposited under this agreement or any moneys paid to or received by the Managers or by the Depositary hereunder or with respect to any property acquired by purchase at any foreclosure sale, or with respect to any new certificates to be issued hereunder, or with respect to any other matter or thing.

Eleventh. All moneys paid under or with reference to the plan and this agreement shall be paid over to the Managers, who shall, as bankers, hold the same subject to application for any of the purposes of the plan and this agreement as may be most convenient, and as from time to time may be determined by the Managers, whose determination as to the propriety and purpose of any such application shall be final and nothing in the plan shall be understood as limiting or requiring the application of specific moneys to specific purposes. Any obligation in the nature of floating debt or otherwise against any company or property embraced in the plan either as proposed or carried out, or any securities held as collateral for any such obligation, may be acquired or extinguished or held by the Managers at such time, in such manner and upon such terms as they may deem proper for the purposes of reorganization, but nothing in the plan and this agreement contained is intended to constitute, nor shall it constitute, any liability or trust in favor or in respect of any such obligation.

Twelfth. All calls for the payments to be made by depositing stockholders or for the surrender of certificates of deposit issued hereunder, all notices fixing or limiting any period for the deposit of securities or for such payments, and all other calls or notices hereunder, except when herein otherwise expressly provided, shall be inserted in the New York Times and the New York Tribune, or in two other daily papers of general circulation published in the city of New York; the Baltimore Sun and the Baltimore American, or in two other daily papers of general circulation published in the city of Baltimore, Md., and in two daily papers of general circulation published in the city of London, twice in each week for two successive weeks, beginning on any day of the week. Any call or notice whatsoever when so published by the Managers shall be taken and considered as though personally served on all parties hereto and upon all parties bound hereby, as of the respective dates of insertion thereof, and such publication shall be the only notice required to be given under any provision of this plan and agreement. When a call or notice shall have been advertised as above specified in New York or in London, publication shall be complete as regards all holders of certificates of deposit, issued by the depositary in the city in which such publication shall have been made, and no further publication shall be required in such city.

Thirteenth. The plan and this agreement shall bind and benefit the several parties, including the depositors hereunder, their and each of their sur ivors, heirs, executorl, administrators, successors, and assigns.

In witness whereof, a majority of the Reorganization Committee, the Managers, and the Mercantile Trust Co. of New York have caused these presents to be duly executed, the day and year first above written, and the parties of the third part have become parties hereto by depositing their securities and accepting certificates of deposit therefor hereunder.

Reorganization of the Baltimore & Ohio Southwestern Railway Co.

PLAN AND AGREEMENT.

[Dated December 15, 1898.]

Reorganization Managers.—Speyer Bros., 7 Lothbury, London. Speyer & Co., 30 Broad Street, New York. Kuhn, Loeb & Co., 27 Pine Street, New York.

Counsel to reorganization managers.—Seward, Guthrie & Steele, 40 Wall Street, New York. Evarts, Choate & Beaman, 52 Wall Street, New York. Freshfields & Williams, London.

Depositary.—The Mercantile Trust Co. of New York. London and Westminister Bank (Ltd.), London agent.

To the security holders of the Baltimore & Ohio Southwestern Railway Co.:

The Baltimore & Ohio Railroad, the guarantor of certain of your securities, having become insolvent and its property being in the possession of receivers, and its reorganization having been declared operative, it became necessary for your board, in order to properly protect the securities of your company, to enter into negotiations with the reorganization managers of the Baltimore and Ohio Railroad Co. to arrange the future relations of your company with that reorganized property.

For several months the board has been in negotiation with them, and in consultation with the security holders, for the purpose of securing an exchange of your company's securities for the securities of the reorganized Baltimore & Ohio Railroad Co. upon a satisfactory basis, and to secure additional new capital to place the company in a position to successfully carry on its business and place it on a sound financial basis.

Since the organization of your company vigorous competition, then unexpected, has developed in the territory it occupies, greatly reducing the rates for transportation received by your company.

The effect of such reduction in rates has been most serious and shows the pressing need of a readjustment of the company's securities and fixed charges, and the securing of additional capital to make needed improvements upon the property. Had the same rates prevailed last year as existed at the time of the organization of the company there would have been a surplus over fixed charges of $2,273,626 instead of a deficit of $99,574.

When your company was organized it was believed ample provision had been made for necessary capital to reduce its grades, secure increased and heavier motive power, equipment and rails, and to bring the property to the highest standard of condition. Such necessary capital was to be secured through the sale of the company's securities, guaranteed by the Baltimore & Ohio Railroad Co. Immediately upon the organiza-

tion of the company, certain of such improvements were entered upon; before they could be completed to the extent whereby substantial savings in operation could be effected to meet the prevailing low rates, the insolvency and receivership of the Baltimore & Ohio Railroad Co. prevented the sale of its securities and thereby arrested the completion of the contemplated improvements. These improvements have become imperative and can not longer be delayed.

The amount of capital now needed to be expended in the reduction of the grades, purchase of additional equipment, and for other improvements in order to bring the property to the efficiency requisite for advantageous and profitable operation, in conjunction with the reorganized Baltimore & Ohio Railroad, is estimated at about $5,500,000, the greater proportion of which should be expended during the next calendar year and the remainder as soon as possible thereafter.

The reorganization managers have agreed to undertake the consummation of the plan herewith submitted, which provides for the issue by the Baltimore & Ohio Railroad Co. (as reorganized), of its securities in exchange for yours on a just and equitable basis, and the securing of additional capital required to put your property in a position to successfully carry on its business. The syndicate mentioned in the plan will purchase at their face value all coupons due on the first day of January next that are not paid from such bondholders as shall deposit their securities. It is hoped that further financial embarrassment with its inevitable consequences and the depreciation in the value of your securities can be avoided by a prompt acceptance of the plan.

Your board therefore urgently recommends its prompt acceptance.

Dated New York, December 15, 1898.

EDWARD R. BACON,
President.
WILLIAM L. BULL,
EDGAR T. WELLES,
JOHN H. DAVIS,
New York,
JAMES SLOAN, Jr.,
Baltimore,
FRANCIS PAVY, *London.*
Committee of Board.

PLAN FOR THE REORGANIZATION OF THE BALTIMORE & OHIO SOUTHWESTERN RAILWAY CO.

The following securities will be dealt with under the plan, and are hereinafter referred to as "existing securities":

List of securities with outstanding amounts.

	Amounts outstanding.
Ohio & Mississippi Railway first consolidated mortgage bonds, extended 4 per cent	$6,385,000
Ohio & Mississippi Railway first consolidated mortgage sterling bonds, extended 4 per cent	83,000
Ohio & Mississippi Railway second consolidated mortgage 7 per cent bonds (currency)	2,952,000
Ohio & Mississippi Railway first mortgage Springfield Division 7 per cent bonds (currency)	1,993,000
Ohio & Mississippi Railway general mortgage 5 per cent bonds (currency)	313,000
Baltimore & Ohio Southwestern Railroad first mortgage 4½ per cent bonds	10,667,000
Baltimore & Ohio Southwestern Railway first consolidated mortgage 4½ per cent gold bonds	10,363,900
Baltimore & Ohio Southwestern Railway first income mortgage 5 per cent bonds, series A	8,750,000
Baltimore & Ohio Southwestern Railway first income mortgage 5 per cent bonds, series B	10,000,000
Baltimore & Ohio Southwestern Railway preferred stock	20,000,000
Baltimore & Ohio Southwestern Terminal Co. 5 per cent gold bonds	1,500,000
Cincinnati & Baltimore Railroad first mortgage 7 per cent bonds	333,000
Marietta Railway first mortgage 4 per cent bonds	175,000

NEW SECURITIES.

It is proposed that the Baltimore & Ohio reorganization managers shall recommend to the Baltimore & Ohio Railroad Co. (as reorganized) that it shall acquire the properties of the above-named companies, or the securities above named, representing the same, and shall issue in exchange therefor, and to provide new capital for the enlargement, betterment, or extension of said properties, its bonds to be known at "Baltimore & Ohio Railroad Co. (as reorganized) southwestern division first mortgage 3½ per cent gold bonds" and also Baltimore & Ohio Railroad Co. (as reorganized) new preferred and common stock (trust certificates) as hereinafter stated. The right will be reserved to reorganize or consolidate any of the lines above mentioned into a new corporation if that shall be deemed expedient by the reorganization managers.

The Baltimore & Ohio Railroad Co. (as reorganized) is therefore to authorize the following new securites:

First. Forty million dollars Baltimore & Ohio Railroad Co. (as reorganized) southwestern division first mortgage 3½ per cent gold bonds, due 1925.

These bonds will bear interest from the 1st day of January, 1899. The right will be reserved to issue $5,000,000 additional of these bonds at the rate of not exceeding $1,000,000 per year after the reorganization is completed for the enlargement, betterment, or extension of the properties covered by the Baltimore & Ohio Railroad Co.'s (as reorganized) southwestern division first mortgage (either as a direct lien or by pledge of the securities representing such properties) or for additions thereto. The mortgage securing these bonds is expected to be ultimately a first lien upon the railroads and properties constituting the Baltimore & Ohio Southwestern Railroad system above named, or the above-mentioned securities representing the same, covering about 920.98 miles of first track and about 305.48 miles of second track and sidings (see Appendix, Table A) and also all of the equipment now owned by the Baltimore & Ohio Southwestern Railway Co. or subsequently acquired with the proceeds of these bonds. In case it shall be found inexpedient to acquire any of said railroads or properties, the consummation of the plan will not necessarily for that reason be affected; but the said bonds and stocks representing said railroads or properties, respectively, may be pledged under said mortgage in lieu of the railroads or properties themselves. The new bonds are to be applied as follows:

In partial exchange for existing bonds (see p. 5)	$35,540,980
Sold to syndicate for cash requirements	4,459,020
Total	40,000,000

Second. New preferred stock (trust certificates [1]) of the Baltimore & Ohio Railroad Co. (as reorganized).

The Baltimore & Ohio reorganization managers will recommend to the Baltimore & Ohio Railroad Co. (as reorganized) that for the purposes of this plan it shall issue $12,500,000 additional of its new preferred stock (trust certificates) to be applied as follows:

In partial exchange for existing bonds (see p. 5)	$6,253,440
Sold to syndicate for cash requirements	6,246,560
Total	12,500,000

The Baltimore & Ohio reorganization managers will also recommend to the Baltimore & Ohio Railroad Co. (as reorganized) that it shall issue $7,500,000 additional of its new preferred stock (trust certificates) for the purpose among others of restoring the reserve of such new preferred stock appropriated under the plan and agreement dated September 28, 1898, for the reorganization or consolidation of the Central Ohio Railroad Co. and other companies.

The new preferred stock of the Baltimore & Ohio Railroad Co. (as reorganized) will then aggregate $60,000,000 in amount applied as follows:

Appropriated under plan for reorganization of Baltimore & Ohio R. R. Co., dated June 22, 1898	$33,668,700	
For contingencies, etc. (any surplus to new company)	1,331,300	
Reserve for new company (under Baltimore & Ohio plan June 22, 1898)	5,000,000	
		$40,000,000

[1] The words "trust certificates" wherever used in this plan refer to the voting trust certificates as provided for in the Baltimore & Ohio reorganization plan, dated June 22, 1898.

Proposed new issue:		
Appropriated under Central Ohio plan Sept. 28, 1898..	$5,888,850	
Appropriated under this plan	12,500,000	
For contingencies, etc. (any surplus to new company)..	1,611,150	
		$20,000,000
Total amount new preferred stock		60,000,000

The new company will thus have an unappropriated surplus of new preferred stock as follows:

Reserve under Baltimore & Ohio plan of June 22, 1898	$5,000,000
Balance under Baltimore & Ohio plan of June 22, 1898, for contingencies, etc. (any surplus to new company)	1,331,300
Balance for contingencies, etc., as above stated	1,611,150
Total surplus unappropriated	7,942,450
Total amount appropriated under the several plans as above stated	52,057,550
	60,000,000

Third. New common stock (trust certificates) of the Baltimore & Ohio Railroad Co. (as reorganized).

The Baltimore & Ohio reorganization managers will recommend to the Baltimore & Ohio Railroad Co. (as reorganized) that it shall issue $10,000,000 additional of new common stock (trust certificates) to be applied as follows:

In exchange for existing bonds and stocks (see p. 6)	$7,500,000
For contingencies, etc. (any surplus to new company)	2,500,000
Total	10,000,000

The new common stock of the Baltimore & Ohio Railroad Co. (as reorganized) will then aggregate $45,000,000 in amount, applied as follows:

Appropriated under plan for reorganization of Baltimore & Ohio R. R. Co., dated June 22, 1898	$31,178,000	
For contingencies, etc. (any surplus to new company)	3,822,000	
		$35,000,000
Proposed new issue:		
Appropriated under this plan	7,500,000	
For contingencies, etc. (any surplus to new company)..	2,500,000	
		10,000,000
		45,000,000

The new company will thus have an unappropriated surplus of new common stock as follows:

Balance under Baltimore & Ohio plan of June 22, 1898, for contingencies, etc. (any surplus to new company)	$3,822,000
Balance under this plan for contingencies, etc. (any surplus to new company)	2,500,000
Total surplus unappropriated	6,322,000
Total amount appropriated under the two plans as above stated	38,678,000
	45,000,000

APPLICATION OF SECURITIES.

It is contemplated that, as a consideration for the railroads and property or securities representing the same, to be conveyed and delivered to the Baltimore & Ohio Railroad Co. (as reorganized), or which it shall acquire pursuant to this plan, it shall deliver the new bonds and stock (trust certificates), excepting such final amounts as shall be reserved as herein provided. The requisite deliveries of the new securities to depositors and subscribers under this plan will thus be provided for.

The following details show the disposition to be made under the plan of the new securities.

DISPOSITION OF NEW SECURITIES IN DETAIL.

The Baltimore & Ohio Railroad Co. (as reorganized) Southwestern Division first mortgage 3½ per cent gold bonds will be disposed of as follows:

Present authorized issue	$40,000,000

To be used in partial exchange for existing bonds as follows:

Existing bonds.	Amount outstanding.	Per cent of new 3½ per cent first mortgage bonds offered in exchange.	Amount of new 3½ per cent first mortgage bonds.
Ohio & Mississippi Ry. first consolidated mortgage bonds, extended 4 per cent	$6,385,000	107	$6,831,950
Ohio & Mississippi Ry. first consolidated mortgage sterling bonds, extended 4 per cent	83,000	104	86,320
Ohio & Mississippi Ry. second consolidated mortgage 7 per cent bonds (currency)	2,952,000	124	3,660,480
Ohio & Mississippi Ry. first mortgage, Springfield Division, 7 per cent bonds (currency)	1,993,000	100	1,993,000
Ohio & Mississippi Ry. general mortgage 5 per cent bonds (currency)	313,000	90	281,700
Baltimore & Ohio Southwestern R. R. first mortgage 4½ per cent bonds	10,667,000	106	11,307,020
Baltimore & Ohio Southwestern Ry. first consolidated mortgage 4½ per cent gold bonds	10,363,900	90	9,327,510
Baltimore & Ohio Southwestern Terminal Co.'s 5 per cent gold bonds	1,500,000	103	1,545,000
Cincinnati & Baltimore R. R. first mortgage 7 per cent bonds	333,000	100	333,000
Marietta Ry. first mortgage 4 per cent bonds	175,000	100	175,000
			35,540,280
Sold to syndicate for cash requirements			4,459,720
			40,000,000

The new preferred stock (trust certificates) will be disposed of as follows:

Proposed increased issue $12,500,000

To be used in partial exchange for existing bonds as follows:

Existing securities.	Amount outstanding.	Per cent of new preferred stock offered in exchange.	Amount of new preferred stock.
Ohio & Mississippi Ry. first consolidated mortgage bonds, extended 4 per cent	$6,385,000	10	$638,500
Ohio & Mississippi Ry. first consolidated mortgage sterling bonds, extended 4 per cent	83,000	10	8,300
Ohio & Mississippi Ry. second consolidated mortgage 7 per cent bonds (currency)	2,952,000	12½	369,000
Ohio & Mississippi Ry. first mortgage, Springfield Division, 7 per cent bonds (currency)	1,993,000	12½	249,125
Ohio & Mississippi Ry. general mortgage 5 per cent bonds (currency)	313,000	10	31,300
Baltimore & Ohio Southwestern R. R. first mortgage 4½ per cent bonds	10,667,000	10	1,066,700
Baltimore & Ohio Southwestern Ry. first consolidated mortgage 4½ per cent gold bonds	10,363,900	10	1,036,390
Baltimore & Ohio Southwestern Ry. first income mortgage 5 per cent bonds, Series A	8,750,000	30	2,625,000
Baltimore & Ohio Southwestern Terminal Co. 5 per cent gold bonds	1,500,000	12½	187,500
Cincinnati & Baltimore R. R. first mortgage 7 per cent bonds	333,000	12½	41,625
			6,253,440
Sold to syndicate for cash requirements			6,246,560
			12,500,000

The new common stock (trust certificates) will be disposed of as follows:

Proposed increased issue $10,000,000

To be used in partial exchange for existing bonds and stocks as follows:

Existing securities.	Amount outstanding.	Per cent of new common stock offered in exchange.	Amount of new common stock.
Baltimore & Ohio Southwestern Ry. first income mortgage 5 per cent bonds, Series A	$8,750,000	20	$1,750,000
Baltimore & Ohio Southwestern Ry. first income mortgage 5 per cent bonds, Series B	10,000,000	22½	2,250,000
Baltimore & Ohio Southwestern Ry. preferred stock	20,000,000	17½	3,500,000
			7,500,000
For contingencies, etc. (any surplus to new company)			2,500,000
			10,000,000

SYNDICATE.

A syndicate has been formed by Messrs. Speyer & Co. and Messrs. Kuhn, Loeb & Co., of New York, and Messrs. Speyer Bros., of London, to purchase $4,459,020 of the new Baltimore & Ohio Railroad Co. (as reorganized), Southwestern Division, first mortgage 3½ per cent gold bonds and $6,246,560 of the new preferred stock (trust certificates).

And also to protect the new company in the ownership and possession of the properties covered by $21,030,900 of the existing mortgage bonds of the Baltimore & Ohio Southwestern Railway Co. of different issues, by agreeing to purchase from the new company the new securities not taken, but to which the holders of such bonds would have been entitled if deposited under the plan, and also to make advances and perform other obligations essential for the purposes of the plan.

CONDITIONS OF PARTICIPATION.

Participation under this plan of reorganization in any respect whatsoever is dependent upon the deposit of securities with the depositary, the Mercantile Trust Co., at its office, No. 120 Broadway, in the city of New York, or at its London agency, the London & Westminster Bank (Ltd.), in the city of London, within such time as may be fixed by notice, and the plan will embrace only securities so deposited. No securities will be received on deposit except in negotiable form, and bonds must carry all coupons or claims for interest on registered bonds maturing on or after January 1, 1899 (excepting Baltimore & Ohio Southwestern Railway first income mortgage 5 per cent bonds, Series A and B, which must carry all matured and unpaid coupons). The syndicate will purchase for cash at their face value such coupons and claims for interest on registered bonds maturing January 1, 1899, from holders who deposit their bonds under the plan, upon the certificates of deposit for such bonds being stamped "Ex interest due January 1, 1899," and the said coupons or claims for interest on registered bonds being respectively delivered or assigned to the syndicate or upon its order. Upon the completion of the reorganization there will be paid in cash upon all deposited bonds (not including, however, Baltimore & Ohio Southwestern Railway first income mortgage 5 per cent bonds, series A and B), interest at the respective rates provided in the old bonds up to January 1, 1899, from the coupon date last preceding, excepting in the case of bonds represented by certificates of deposit stamped as aforesaid, "Ex interest due January 1, 1899."

The depositary will issue proper receipts or certificates of deposit for all securities deposited.

The securities deposited hereunder will be held by the depositary, subject to the order and control of the reorganization managers, as provided in the reorganization agreement.

All securities deposited under the plan are to be kept alive so long as deemed necessary by the reorganization managers or the new company for the purposes of the reorganization or the protection of the new company or its security holders.

Cash requirements and provision therefor.

For improvements, cutting down grades, equipment, etc	$5,500,000
To take up existing car trusts, collateral loan and floating debt (estimated)	2,444,329
Reorganization expenses, syndicate compensation, etc., any surplus to new company	1,400,000
Total	9,344,329
To be raised as follows:	
By sale of $4,459,020 of new 3½ per cent first-mortgage bonds and $6,246,560 of new preferred stock (trust certificates)	8,858,523
By sale sundry treasury assets	485,806
	9,344,329

POSITION OF THE BALTIMORE & OHIO RAILROAD CO. (AS REORGANIZED) UPON THE CONSUMMATION OF THIS PLAN.

Upon the completion of the reorganization of the Baltimore & Ohio Railroad Co. and f the reorganization or consolidation of the Central Ohio Railroad Co.'s system and the Pittsburgh Junction Railroad Co., and upon the consummation of this plan, the position of the Baltimore & Ohio Railroad Co. (as reorganized), it is estimated, will be as follows:

The net earnings from operations, together with earnings from miscellaneous sources, for the year ending June 30, 1898, including net earnings from Central Ohio system and Pittsburgh Junction Railroad Co., were		$8,547,433
From which, however, will have to be deducted the sum of about $251,000, representing the decrease in the amount of miscellaneous income occasioned by the sale of securities and the cancellation of sinking-fund investments under the reorganization plan of the Baltimore & Ohio Railroad Co., dated June 22, 1898		251,000
Leaving		8,296,433
Add to this the net earnings of the Baltimore & Ohio Southwestern System for the year ending June 30, 1898, including miscellaneous income		1,989,761
Total		10,286,194
Deduct fixed charges of Baltimore & Ohio:		
$70,000,000 prior lien 3½ per cents	$2,450,000	
$15,000,000 new 3½ per cent Pittsburgh Junction and Middle Division first-mortgage gold bonds	525,000	
$40,000,000 new 3½ per cent Southwestern Division first-mortgage gold bonds	1,400,000	
$50,000,000 first-mortgage 4 per cents	2,000,000	
Estimated rentals (including 4 per cent on $6,000,000 Belt Line Railroad mortgage bonds, and excluding rentals of Central Ohio System), about	500,000	
Taxes [1]	544,794	
Taxes—Baltimore & Ohio Southwestern System	293,998	
Terminals	202,000	
Ground rents and mortgage interest	75,000	
		7,990,792
Leaving a surplus over fixed charges of about		2,295,402

Apart from the large amount provided in the plan for the reorganization of the Baltimore & Ohio Railroad Co., dated June 22, 1898, to be expended on the properties comprised therein, and for additional equipment, the plan for the reorganization or consolidation of the Central Ohio Railroad system, dated September 28, 1898, provides the further amount of $3,000,000 to be expended on the properties comprised

[1] In case foreclosure shall be found necessary, the exemption from taxation under the old charter of the Baltimore & Ohio Railroad Co. may be lost and the amount of annual taxes increased.

therein and for additional equipment; and this plan (see p. 5) provides the further amount of $5,500,000 to be expended in like manner on the Baltimore & Ohio Southwestern System. The above statement of earnings does not allow for any increase in earnings from these expenditures, which, it is confidently expected, should largely increase the surplus over fixed charges.

The amount of $5,500,000, reserved for improvements, cutting down grades, equipment, etc., is necessary to carry out the original plan adopted when the Baltimore & Ohio Southwestern Railroad Co. was reorganized, and to bring the property to the standard required for advantageous and profitable operation in connection with the Baltimore & Ohio Railroad Co. (as reorganized).

The company's accounts have been examined at the request of the reorganization managers by Mr. Stephen Little, who certifies to the correctness of the figueres contained in this plan.

The consummation of this plan is conditional upon the Baltimore & Ohio Railroad Co. (as reorganized) approving the same, and consenting to issue its Southwestern Division first mortgage 3½ per cent gold bonds and preferred and common stock as herein provided within one year from the date hereof, or such further time as the reorganization managers shall allow. In case the Baltimore & Ohio Railroad Co. (as reorganized) should fail to fulfill the foregoing conditions this plan will be abandoned, and deposited securities will be returned to depositors upon surrender of the certificates of deposit therefor without expense, unless some modification of the plan satisfactory to the depositors shall be proposed, in which case due notice of such modified plan will be given, and depositors will be afforded an opportunity to withdraw their deposited securities in case the modification of the plan is not acceptable to them.

Dated December 15, 1898.

TABLE A.—*Mileage of road.*

	First track.	Second track.	Side-tracks.
Main track:	*Miles.*	*Miles.*	*Miles.*
Belpre to Cincinnati	192.88	15.20	85.33
Cincinnati to East St. Louis	339.46	.....	118.10
Marietta branch: Belpre to Marietta	11.09	.....	1.80
Portsmouth branch: Hamden to Portsmouth	55.43	.....	24.26
Hillsboro branch: Blanchester to Hillsboro	21.43	.....	2.93
Louisville branch:			
North Vernon to Jeffersonville	53.31	.....	9.50
Watson to New Albany	7.46	.....	1.85
Bedford branch: Rivervale to Bedford	11.40	.....	.....
Springfield division: Beardstown to Shawneetown	228.25	.....	38.04
Total	920.71	15.20	281.81
Baltimore & Ohio Southwestern terminal	.....	.....	7.38
Marietta terminal	.27	.....	1.09
Operated under trackage rental—Central Union Depot to I. & C. transfer	1.20	.....	.....
Total length of all tracks	922.18	15.20	290.28
Total mileage	.....	.....	1,227.66

APPENDIX.

TABLE B.—*Showing amount of cash and new securities which deposited securities will be entitled to receive on completion of reorganization.*

Existing bonds and stock to be deposited.	Each $1,000 receives—			
	Cash.[1]	New Southwestern Division 3½ per cent gold bonds.	New preferred stock trust certificates.	New common stock trust certificates.
Ohio & Mississippi Ry. first consolidated mortgage bonds, extended 4 per cent	$20.00	$1,070	$100	.....
Ohio & Mississippi Ry. first consolidated mortgage sterling bonds, extended 4 per cent	20.00	1,040	100	.....
Ohio & Mississippi Ry. second consolidated mortgage 7 per cent bonds (currency)	17.50	1,240	125	.....
Ohio & Mississippi Ry. first mortgage Springfield Division 7 per cent bonds (currency)	11.67	1,000	125	.....
Ohio & Mississippi Ry. general mortgage 5 per cent bonds (currency)	4.17	900	100	.....
Baltimore & Ohio Southwestern R. R. first mortgage 4½ per cent bonds	22.50	1,060	100	.....
Baltimore & Ohio Southwestern Ry. first consolidated mortgage 4½ per cent gold bonds	22.50	900	100	.....
Baltimore & Ohio Southwestern Ry. first income mortgage 5 per cent bonds, series A	.....	.....	300	$200
Baltimore & Ohio Southwestern Ry. first income mortgage 5 per cent bonds, series B	.....	.....	.....	225
Baltimore & Ohio Southwestern Ry. preferred stock	.....	.....	.....	175
Baltimore & Ohio Southwestern Terminal Co. 5 per cent gold bonds	8.33	1,030	125	.....
Cincinnati & Baltimore R. R. first mortgage 7 per cent bonds	35.00	1,000	125	.....
Marietta Ry. first mortgage 4 per cent bonds	6.67	1,000	.....	.....

[1] Interest at the rate provided in the old bonds from the date of the last matured coupon next preceding Jan. 1, 1899, up to the date when the new bonds begin to bear interest, namely, Jan. 1, 1899, excepting in respect of bonds represented by certificates of deposit stamped "Ex interest due Jan. 1, 1899," as stated in plan.

AGREEMENT.

An agreement, made this 15th day of December, 1898, between Speyer & Co. and Kuhn, Loeb & Co., of New York, and Speyer Bros., of London, as reorganization managers (hereafter called the "Managers"), parties of the first part; holders of the mortgage bonds and stocks, hereinafter mentioned, who shall become parties to this agreement (hereinafter called "Depositors"), parties of the second part; and The Mercantile Trust Co., of the city of New York (hereinafter called the "Depositary"), party of the third part.

Whereas the Baltimore & Ohio Railroad Co. has made default in the payment of its obligations, and receivers of its railroad and property have been appointed;

And whereas a plan has been proposed for its reorganization, and the parties of the first part, as Reorganization Managers, are engaged in carrying out said plan;

And whereas the Baltimore & Ohio Southwestern system of railroads has heretofore been operated in connection with the Baltimore & Ohio Railroad system, and the plan referred to in this agreement has been proposed for the reorganization of the Baltimore & Ohio Southwestern Railway Co. and the exchange of its existing securities for new securities of the Baltimore & Ohio Railroad Co., as reorganized (the term "new company" hereinafter employed meaning either the Baltimore & Ohio Railroad Co. or such successor company or companies as may be organized under the plan for its reorganization, dated June 22, 1898);

And whereas the parties of the first part have consented to undertake the consummation of this plan and agreement: Now, therefore, it is mutually agreed by and between the respective parties hereto as follows:

First. A printed copy of this agreement, signed by the parties hereto of the first and third parts, shall be lodged with the Mercantile Trust Co. in the city of New York, and a duplicate signed in like manner shall be lodged with the London & Westminster Bank (Ltd.) in the city of London. Each of said copies shall be taken as a complete and original instrument, but both shall constitute but one agreement. The foregoing plan is and shall be taken to be a part of this agreement, with the same

effect as though each and every provision thereof had been embodied herein, and said plan and this agreement shall be read as parts of one and the same paper; but no estimate, statement, explanation, or suggestion contained in the said plan or this agreement, or in any circular issued, or which may hereafter be issued, by the Depositary, or by the Managers, is intended, or is to be accepted, as a representation or warranty, or as a condition of deposit or assent under the plan and this agreement, and no defect or error shall release any deposit under this plan and agreement, or affect or release any assent thereto, except by written consent of the Managers.

Holders of the following-named bonds and stocks, or any of them, may become parties to this plan and agreement by depositing their securities with the Depositary upon the terms and conditions specified in the plan and this agreement, or hereafter defined, and within the periods which shall be fixed or limited by the Managers:

Ohio & Mississippi Railway first consolidated mortgage bonds, extended 4 per cent.

Ohio & Mississippi Railway first consolidated mortgage sterling bonds, extended 4 per cent.

Ohio & Mississippi Railway second consolidated mortgage 7 per cent bonds (currency).

Ohio & Mississippi Railway first mortgage, Springfield Division, 7 per cent bonds (currency).

Ohio & Mississippi Railway general mortgage 5 per cent bonds (currency).

Baltimore & Ohio Southwestern Railroad first mortgage 4½ per cent bonds.

Baltimore & Ohio Southwestern Railway first consolidated mortgage 4½ per cent gold bonds.

Baltimore & Ohio Southwestern Railway first income mortgage 5 per cent bonds, series A.

Baltimore & Ohio Southwestern Railway first income mortgage 5 per cent bonds, series B.

Baltimore & Ohio Southwestern Railway preferred stock.

Baltimore & Ohio Southwestern Terminal Co. 5 per cent gold bonds.

Cincinnati & Baltimore Railroad first mortgage 7 per cent bonds.

Marietta Railway first mortgage 4 per cent bonds.

Such holders must in all cases deposit the certificates for their stock, or their bonds or coupons or other securities, with such transfers, assignments, and powers of attorney as may be required by the Managers in order to vest in them, and to enable them to transfer the complete and absolute title to such stocks, bonds, coupons, or other securities, and the Depositors agree, respectively, at any time on demand of the Managers to execute any and all other transfers, assignments, or writings required for vesting the complete ownership of the bonds, coupons, and stocks deposited hereunder in the Managers or their nominees. All Depositors shall receive certificates of deposit in form to be prescribed by the Managers, specifying the respective bonds, coupons, or stock deposited; and the holders of such certificates of deposit issued hereunder shall be entitled, subject to any provisions contained in such certificates, only to the rights and benefits specified in the plan and this agreement as accruing to the holders of the bonds, coupons, or stocks of the class represented by such certificates, respectively, or granted by the Managers pursuant to the powers conferred upon them; and thereafter the holder of any such certificate or of any certificate issued in lieu thereof or in exchange therefor shall be subject to the plan and this agreement and entitled to have and exercise only the rights of the original Depositor under the certificate issued to him in respect of the securities therein mentioned.

Such certificates of deposit issued hereunder and the interests represented thereby shall be transferable only subject to the terms and conditions of the plan and this agreement, and in such manner as the Managers shall approve; and upon such transfer, all rights of the Depositors or in respect of the deposited bonds, coupons, or stock represented by such certificates, and all rights under the certificates of deposit transferred, shall pass to the transferee, and the transferees and holders of such certificates of deposit shall for all purposes be substituted in place of the prior holders, subject to this agreement. All such transferees, as well as the original holders of certificates of deposit issued hereunder, shall be embraced under the term "Depositors," whenever used herein. Each certificate of deposit may be treated by the Managers and by the Depositary as a negotiable instrument, and the holder for the time being may be deemed to be the absolute owner thereof, and of all rights of the original Depositor of the bond, coupon, stock, or other security in respect of which the same was issued, and neither the Depositary nor the Managers shall be affected by any notice to the contrary. By accepting any such certificate, every recipient or holder thereof shall thereby become party to the plan and this agreement with the same force and effect as though an actual subscriber hereto. The term "Depositor," whenever used herein, is intended, and shall be construed, to include not only persons acting in their own right, but also trustees, guardians, committees, agents, and all persons acting in a

representative or fiduciary capacity, and those represented by or claiming under them, and partnerships, associations, joint-stock companies, and corporations. No rights hereunder shall accrue in respect of any securities hereinbefore mentioned unless, or until, the same shall have been subjected to the control of the Managers and to the operation of the plan and this agreement as herein provided.

The Depositary shall receive the deposited stocks, bonds and coupons, or other securities, and shall hold the same respectively subject to the order and control of the Managers.

The Managers may in their discretion fix or limit the period or periods within which holders of bonds, coupons or stock or other securities, or any class thereof, may deposit their securities, and within which they may become parties to the plan and this agreement, and in their discretion, either generally or in special instances, may extend or renew the period or periods so fixed or limited on such terms and conditions as they may see fit.

Holders of securities not deposited within the periods respectively fixed or limited therefor, will not be entitled to deposit the same or to become parties to this agreement or to share in the benefits thereof, and shall acquire no rights thereunder, except upon obtaining the express consent of the Managers, who may withhold or give such consent in their absolute discretion and upon such terms and conditions as they may see fit.

Second. The Depositors hereby irrevocably request the Managers to endeavor to carry into practical operation the plan and this agreement in its entirety or in part, to such extent and in such manner and with such additions, exceptions and modifications as the Managers shall deem to be for the best interests of the Depositors or of the properties finally embraced in the readjustment or reorganization. Each and every Depositor, for himself and not for any other, does hereby sell, assign, transfer and set over to the Managers as copartners, and to the survivor and survivors of them and to their successors, each and every bond, coupon, share of stock, security or obligation or evidence thereof deposited hereunder, and every Depositor hereby agrees that the Managers shall be, and they are hereby, vested with all the rights and powers of owners of the stocks, bonds, coupons, securities, and obligations deposited hereunder, including the right to transfer the same into their own names, as copartnerships and as Managers, or into the name of any other person or persons whom they may select; and (without limiting the foregoing provision) it is hereby declared that the Managers shall be fully authorized to vote thereon at any meeting of stockholders, or bond or certificate holders or creditors; to use every such stock, bond, coupon security or obligation as fully and to the same extent as the owner or holder thereof; to declare due the principal of any bond or other obligation deposited hereunder, and to revoke any such declaration whenever made; to call or attend, and, either in person or by proxy, to vote at any and all meetings of stockholders, bondholders, or creditors of any corporation however convened; to terminate or to seek to dissolve or modify any trust, contract or lease, in whole or in part; to apply for the determination of the validity thereof, or for the removal of any trustees or the substitution of other trustees, or to take any other steps in respect of any trust, contract, or lease or under any provision thereof; to purchase at any time or times, at such prices as they shall deem proper, or to pay, compromise, or settle with the holders of any coupons, notes, or other indebtedness of any of the railroad companies heretofore known as part of the Baltimore & Ohio Southwestern system, and to apply for that purpose any moneys in any manner received or raised by them; to borrow money for any of the purposes of this agreement, and to charge or pledge any deposited securities, property purchased, or new securities to be issued or delivered hereunder for the payment of any money borrowed; to give all bonds of indemnity or other bonds, and to charge therewith the securities deposited hereunder, or any part thereof; to institute or to become parties to any legal proceeding; to apply for receivers, or for the removal of receivers and the substitution of other receivers, or for the termination of any receivership and the delivery of any property to its owners; to settle any litigation now or at any time existing or threatened in whole or in part, with plenary power to enter into arrangements for decrees, or for facilitating or hastening the course of litigation, or in any way to promote the consummation of the plan; to do whatever, in the judgment of the Managers, may be necessary to promote or to procure the sale as an entirety or the joint or separate sales of any property or franchises herein concerned wherever situated; to adjourn any sale of any property or franchises, or any portion or lot thereof, at discretion; to bid or to refrain from bidding at any sale, either public or private, either in separate lots or as a whole, for any property or franchises or any part thereof, whether or not owned, controlled, or covered by any deposited security, including or excluding any particular rolling stock or other property, real or personal; and at, before, or after any sale to arrange and agree for the resale of any portion of the property which they may decide to sell rather than to retain; to hold any property or franchises purchased

by them either in their name or in the name of persons or corporations by them chosen for the purposes of this agreement, and to apply any security embraced hereunder in satisfaction of any bid or towards obtaining funds for the satisfaction thereof; and the term "property and franchise" shall include any and all railroads, railroad and other transportation lines, branches, leaseholds, lands, rights in lands, mining rights, stocks, or other interests in corporations in which any of the railroads now or hereafter embraced in the plan has any interest of any kind whatever, direct or indirect. The amount to be bid or paid by the Managers for any property or franchises shall be absolutely discretionary with them; and, in case of the sale to others of any property or franchises, the Managers may receive, out of the proceeds of such sale, or otherwise, any dividend in any form accruing on any securities held by them.

Third. The Managers may, without any reorganization or consolidation of the companies whose securities shall be deposited hereunder, sell or otherwise dispose of the deposited bonds and stocks in exchange for the new securities to be delivered to the Depositors as provided in the plan, or they may procure the organization of one or more new companies, or they may adopt or use any existing or future companies, and they may cause to be made such consolidations, leases, sales, or other arrangements, and may make or cause to be made such conveyances or transfers of any properties or securities acquired by them, and may take such other proceedings as they may deem proper for the purpose of carrying out all or any of the provisions of the plan and this agreement. The Managers shall further be authorized to receive and dispose of, in accordance with any of the provisions of this plan and agreement, the new securities to be issued or delivered under this plan in exchange for the deposited bonds and stocks.

Fourth. The Managers may construe the plan and this agreement; and their construction thereof or action thereunder, in good faith, shall be final and conclusive. They may supply any defect or omission, or reconcile any inconsistency in such manner and to such extent as shall be necessary to carry out the same properly and effectively, and they shall be the sole judges of such necessity. They shall be the sole and final judges as to when and whether the assent of enough parties interested in the several railroad companies shall have been obtained to warrant them in declaring the same or any part thereof operative, or in carrying the same or any part thereof into effect, and they shall have power whenever they shall deem proper, at any time before the new securities shall have been issued and delivered to the Depositors, to abandon or to alter, modify or depart from, the plan or any part thereof. They may at any time or times, after any such partial abandonment, restore to the plan any abandoned part or parts thereof, and may seek to carry the same into effect, as fully as if such part or parts had not been abandoned. They may also attempt to carry the plan into effect rather than abandon or modify the same, even though it be manifest that, as carried out, the plan must depart from the original plan or from some part thereof. But in case of any intentional change or modification or departure from the plan, which, in their judgment, shall materially affect any of the several classes of Depositors or their mutual relations, a statement of such proposed change, modification, or departure shall be filed with the Depositary in New York and also with its agent, the London & Westminster Bank (Limited), in London, and notice of the fact of such filing shall be given as hereafter provided in article twelfth; and within two weeks after final publication all holders of the outstanding certificates for such particular class or classes of securities affected thereby may surrender their respective certificates therefor and withdraw securities of such particular class or classes, or the proceeds thereof, or substitutes therefor then under the control of the Managers, to the amount indicated in such certificates without expense to the Depositors. Every Depositor of securities not so surrendering and withdrawing within such two weeks after final publication shall be deemed to have assented to the proposed changes or modifications, and, whether or not otherwise objecting, shall be bound thereby as fully and effectively as if he had actually assented thereto. Any changes or modifications finally made by the Managers shall be part of the plan and this agreement; and all provisions and references concerning the plan shall apply to the plan so changed or modified. In every such case of withdrawal any cash advanced to Depositors, and any interest paid or advanced to holders of certificates of deposit in respect of deposited bonds, represented by such certificates of deposit, or in respect of the new bonds to be issued and delivered in exchange therefor under the plan, must be repaid, if the Managers so require, by the holders of such certificates before the deposited bonds represented by such certificates of deposit shall be surrendered in exchange therefor; but any interest collected by the Managers on deposited securities will, in case of such withdrawal, be accounted for by the Managers to the holders of the certificates of deposit for such securities. In case the Managers shall finally abandon the entire plan, the stocks and bonds and coupons deposited hereunder or their proceeds, or

any stocks, bonds, coupons, securities, or claims, or representatives thereof, then under the control of the Managers, shall be delivered to the several Depositors in amounts representing their respective interests upon surrender of their respective certificates of deposit without expense to the Depositors.

Fifth. The Managers may proceed under the plan and this agreement or any part thereof with or without foreclosure, and in case of foreclosure may exercise any power, either before or after foreclosure sale; and in every case all the provisions of the plan and this agreement shall equally apply to and in respect of any physical properties embraced under the readjustment or reorganization and to and in respect of any securities representing any such property, it being intended that for all purposes thereunder any such property, and any securities representing such property, may be treated by the Managers as substantially identical. In case any separate plan shall in the opinion of the Managers become necessary or expedient to effect the reorganization of any subordinate or other company, the Managers may promote and participate in any such reorganization and may deposit thereunder any securities thereby affected.

The Managers may, if they deem it expedient, arrange for the consolidation of the various railroad lines comprised in the Baltimore & Ohio Southwestern system—or without foreclosure or consolidation of any of said lines they may transfer or deliver to the new company the securities deposited hereunder in exchange for the new securities to be issued and delivered by the new company as consideration therefor.

Any action contemplated in the plan and this agreement to be performed on or after completion and readjustment, reorganization, or consolidation may be taken by the Managers at any time when they shall deem the reorganization or consolidation advanced sufficiently to justify such course, and the Managers as they may deem necessary may defer the performance of any provision of the plan and this agree ent, or may commit such performance to the new company.

They may also in their discretion set apart and hold in trust, or place in trust with any trust company, any part of the new securities to be issued or delivered by the new company hereunder, and cash which may be received from sales of such new securities or otherwise, as they may deem judicious for the purpose of securing the application thereof for any of the purposes of the plan and this agreement.

Sixth. From time to time, for the purpose of carrying this agreement into effect, or of obtaining assents thereto, the Managers, either generally or in specific instances, may make contracts with any person, syndicate, or corporation, and, in their discretion, either generally or in specific instances, and upon such general or special terms and conditions as they may deem proper, may arrange to procure the deposit of securities hereunder; they may also, from time to time, by loan, guaranty, or by sale of the new securities to be issued or delivered, or otherwise, upon such terms, conditions, and rates as said Managers may deem proper, obtain any moneys required to carry out the plan and this agreement; and for the performance of any contract said Managers may charge the deposited securities and the new securities to be issued, and may pledge the same for the payment of any moneys borrowed and interest thereon and other performance of any other obligations incurred under the powers herein conferred. The Managers may employ counsel, agents, and all necessary assistance, and may incur and discharge any and all expenses by them deemed reasonable for the purpose of this agreement. They may prescribe the form of all securities, mortgages, and all instruments at any time to be issued or entered into. They may create and provide for all necessary trusts, and may nominate and appoint trustees thereunder. The Managers may, at public or private sale, or otherwise, dispose of any bonds and trust certificates for stock of the new company left in their hands because of any failure to make deposit hereunder.

In so disposing of any such new securities thus left in their hands, they may use the same or the proceeds thereof for the purpose of carrying out the reorganization in such manner as they may deem expedient and advisable. At the time of the creation of the new securities, or as soon thereafter as may be, the Managers may take such action (either by creating lesser amounts of securities, or otherwise) as they may deem necessary to guard against the issue of such particular securities in any manner or to any extent inconsistent with the purposes of the plan.

Seventh. The said firms of Speyer & Co. and Kuhn, Loeb & Co., of New York, and Speyer Bros., of London, shall be the Managers under this agreement. So far as practicable the three firms as such Managers shall act and concur in all steps and proceedings hereunder, but, in the event of the three firms not concurring, the concurrent action of any two of said firms shall be the action of the Managers, and no action shall be taken except with the assent of at least two of said three firms. The said firms as Managers shall each act as a copartnership, and, in case of any change in either of said firms, the respective firms of Speyer & Co., Kuhn, Loeb & Co., and Speyer Bros., or their respective successor firms, as from time to time constituted,

shall continue as Managers, with all the powers, rights, and title vested in the Managers hereunder. Neither the Managers nor the Depositary assume any personal responsibility for the execution of the plan, or of this agreement, or any part of either, nor for the result of any steps taken or acts done for the purposes thereof; the Managers, however, undertaking in good faith to endeavor to execute the same. No Depositary, nor any of the Managers, shall be personally liable for any act or omission of any agent or employee selected in good faith, nor for any error of judgment or mistake of law, nor in any case except for his, its or their own individual willful malfeasance or neglect, and no Depositary or any of the Managers shall be personally liable for the acts or defaults of any other Depositary or Manager or of any trust company. The Managers may act through any committee or agents, and may delegate any authority, as well as discretion, to any such committee or agent, and the members of such committee or such agents may be allowed a reasonable compensation for their services hereunder. The Managers shall be entitled to compensation for their services, which shall be fixed by agreement between the Managers and the board of directors of the new company, and, as so fixed, shall be finally binding and conclusive upon all parties. The Managers shall have the right to form or procure the formation of any syndicate or syndicates which they may deem necessary or advantageous for carrying out the purposes of the plan, and may act as Managers of such syndicate or syndicates. Any of said firms or any member thereof or any Depositary may be or become pecuniarily interested in any contracts, property, or matters which this agreement concerns, including participation in or under any syndicate agreement, as syndicate managers, or otherwise, whether or not mentioned in the plan. Any direction given by the Managers shall be full and sufficient authority for any action of the Depositary or of any trust company or of any other custodian or of any committee or agent.

Eighth. The Managers may negotiate and contract with any and all companies or persons for obtaining or granting running powers, terminal facilities, exchanges of property, or any other convenience which they may deem necessary or desirable to obtain or to grant, and may make contracts therefor, and generally may ratify and make such purchases, contracts, stipulations, or arrangements as will in their opinion operate directly or indirectly to aid in the preservation, improvement, development, or protection of any property now constituting or known as part of the Baltimore & Ohio Southwestern Railroad System, or to prevent or avoid opposition to or interference with the successful execution hereof.

Ninth. The accounts of the Managers shall be filed with the board of directors of the new company within one year after its organization shall have been completed, unless a longer time be granted by the said board. The accounts, when approved by such board of directors, shall be final, binding, and conclusive upon all parties having any interest therein, and thereupon the Managers shall be discharged. The acceptance of new securities by any Depositor shall estop such acceptor from questioning the conformity of such securities in any particular to any provisions of the plan; and the acceptance of new securities by the holders of a majority in amount of the certificates of deposit for any class of securities shall in each case respectively estop all holders of certificates of deposit for securities of that class.

Tenth. The enumeration of specific powers hereby conferred shall not be construed to limit or to restrict general powers herein conferred or intended so to be; and it is hereby distinctly declared that it is intended to confer on the Managers, in respect of all securities deposited or to be deposited, and in all other respects, any and all powers which the Managers may deem necessary or expedient in or toward carrying out or promoting the purposes of the plan and this agreement in any respect, even though any such power be apparently of a character not now contemplated; and the Managers may exercise any and every such power as fully and effectively as if the same were herein distinctly specified, and as often as, for any cause or reason, they may deem expedient. The methods to be adopted for or toward carrying out this agreement shall be entirely discretionary with the Managers.

The bonds, coupons, and other obligations deposited under the plan and this agreement, and all securities, obligations, or claims purchased or otherwise acquired under this agreement, shall remian in full force and effect for all purposes, and shall not be deemed satisfied, released, or discharged by any delivery of new securities; and no legal right or lien shall be deemed released or waived, but said bonds and other claims, and any judgment upon any of such claims, including claims and judgments for deficiencies, and all liens and equities, shall remain unimpaired, and may be enforced by the managers or by the new company or by any other assign of the Managers until paid or satisfied in full or expressly released. Neither the Managers nor any bondholders or creditors of any of the railroad companies embraced in the plan, by executing this agreement, or by becoming parties thereto, release, surrender, or waive any lien, right, or claim in favor of any stockholders of other creditors of such company,

and all such liens, rights, or claims shall vest unimpaired in the Managers and in the new company, or its assigns, severally and respectively; and any purchase or purchases by or on behalf of the Managers, or the new company, under any decree for the enforcement of any such lien, right, or claim, shall vest the property purchased in the Managers or the new company free from all interest or claim on the part of any such stockholders, creditors, or other parties. No right is conferred, nor any trust, liability, or obligation (except the agreements herein contained in favor of the holders of certificates of deposit hereunder) is created by the plan and this agreement, or is assumed hereunder, or by or for any new company in favor of any bondholder, or any other creditor, or of any holder of any claim whatsoever against any of the railroad companies embraced herein, nor in favor of any company now existing or to be formed hereafter (whether such claim be based on any bonds, coupons, stocks, securities, lease, guaranty, or otherwise), with respect to any securities deposited under this agreement, or any moneys paid to or received by the Managers or by the Depositary hereunder, or with respect to any property acquired by purchase at any foreclosure sale, or with respect to any new certificates to be issued hereunder, or with respect to any other matter or thing.

Eleventh. All moneys paid under or with reference to the plan and this agreement shall be paid over to the managers, who shall as bankers hold the same subject to application for any of the purposes of the plan and this agreement as may be most convenient, and as from time to time may be determined by the managers, whose determination as to the propriety and purpose of any such application shall be final, and nothing in the plan shall be understood as limiting or requiring the application of specific moneys to specific purposes. Any obligation in the nature of floating debt or otherwise against any company or property embraced in the plan either as proposed or carried out, or any securities held as collateral for any such obligation, may be acquired or extinguished or held by the Managers at such time, in such manner, and upon such terms as they may deem proper for the purposes of the reogranization, but nothing in the plan and this agreement contained is intended to constitute, nor shall it constitute, any liability or trust in favor or in respect of any such obligation.

Twelfth. All notices fixing or limiting any period for the deposit of securities and all other calls or notices hereunder, except when herein otherwise expressly provided, shall be published in two daily papers of general circulation published in the city of New York, and in two daily papers of general circulation published in the city of London, twice in each week for two successive weeks, beginning on any day of the week. Any call or notice whatsoever when so published by the Managers shall be taken and considered as though personally served on all parties hereto and upon all parties bound hereby, as of the respective dates of insertion thereof, and such publication shall be the only notice required to be given under any provision of this plan and agreement. When a call or notice shall have been advertised, as above specified, in New York or in London, publication shall be complete as regards all holders of certificates of deposit issued by the Depositary in the city in which such publication shall have been made, and no further publication shall be required in such city.

Thirteenth. The consummation of this plan and agreement is conditional upon the assent thereto of the Baltimore & Ohio Railroad Co., as reorganized, and the issue by it of the proposed new bonds and stocks to be delivered in exchange for the securities deposited hereunder and for other purposes hereof. Unless the Baltimore & Ohio Railroad Co., as reorganized, shall accept this plan and agreement as now proposed or as modified by the Managers pursuant to the terms hereof, and issue and deliver such new bonds and stocks within one year from the date hereof, this plan and agreement will be abandoned, and the deposited securities will be returned to the holders of certificates of deposit therefor upon the surrender of such certificates of deposit, without expense to the Depositors, unless some modification of the plan and agreement be approved by the Depositors after due notice and an opportunity to withdraw the deposited securities have been given, as herein provided.

Fourteenth. The plan and this agreement shall bind and benefit the several parties, including the Depositors hereunder, their and each of their survivors, heirs, executors, administrators, successors, and assigns.

In witness whereof the Managers and the Mercantile Trust Co. have caused these presents to be duty executed the day and year first above written, and the parties of the second part have become parties hereto by depositing their securities and accepting certificates of deposit therefor hereunder.

THE FACTS CONCERNING THE RECAPITALIZATION OF THE CHICAGO & ALTON RAILROAD CO.

In view of the evident misunderstanding of the facts respecting the recapitalization of the Chicago & Alton Railroad Co. resulting from the recent inquiry by the Interstate Commerce Commission, the following statement of facts, which has been prepared primarily for the information of the holders of Chicago & Alton securities, is authorized on behalf of the syndicate which acquired control of the property in 1899:

Early in the year 1899 over 97 per cent of the capital stock of the Chicago & Alton Railroad Co. was acquired by the purchasing syndicate at an aggregate cost of over $39,000,000 at the rate of $175 a share for the common and $200 a share for the preferred stock, in response to an offer to all stockholders contained in a widely published circular. That the stockholders at that time were fully apprised of the future course of the company with respect to the capitalization of previous expenditures of income for permanent improvements and the declaration of a substantial dividend therefrom, is shown by the following public circular which, in February, 1899, was addressed to the stockholders by Mr. T. B. Blackstone, who for upward of 20 years had been the president and moving spirit of the Chicago & Alton Co:

FEBRUARY, 1899.

To Chicago & Alton Stockholders:

In my communication addressed to you under date of 31st of January [1899], I made certain statements with reference to an offer made by Mr. J. J. Mitchell to purchase your shares. I now wish to supplement that statement by advising you that in case a majority of the shares of the company are not sold to the syndicate represented by Mr. Mitchell, I shall advise that you authorize the refunding of the outstanding bonds of the company and the issue of a stock dividend to represent earnings heretofore invested in permanent improvements.

T. B. BLACKSTONE.

The syndicate comprised upward of 100 individuals, firms, and corporations, and for over a year certificates representing participations in this syndicate were dealt in upon the open market. The plan of recapitalization was intended to create low interest bearing preferred securities (bonds and preferred stock) based upon the past earnings of the property, which preferred securities were to represent the greater part of the syndicate's investment; and also common stock which would represent the future of the property and the additional earning capacity which was expected to result from the application of progressive methods of management and a liberal expenditure of new capital for the improvement of the property and the expansion of traffic and of the service to the public. Every step in the recapitalization was taken publicly, under the advice of eminent counsel, and all the facts stated below and all the facts brought out in the recent investigation have been publicly stated in applications for listing the securities upon the New York Stock Exchange, in annual reports of the company and in other public documents which have been accessible to everybody.

The complicated legal and bookkeeping technicalities incident to the scheme of readjustment have been misunderstood, with the result that the increase in capitalization and the profits of the syndicate have been absurdly overestimated.

On December 31, 1898, immediately prior to the acquisition of control by the syndicate, the market value of the securities representing the capitalization of the Chicago & Alton Railroad Co. was substantially as follows:

Par value:	Market value.
$8,650,850 high interest bearing bonds (market value, say, at 105 per cent)	$9,083,392.50
$3,693,200 guaranteed stocks (including $1,750,000 6 per cent preferred stock and $114,200 common stock of Kansas City, St. Louis & Chicago R. R. Co., outstanding in the hands of the public but not taken up in the report of 1898) at 150 per cent	5,539,800.00
$3,479,500 7 per cent preferred stock (at 200 per cent); $18,751,100 7 per cent common stock (at 175 per cent)	39,773,425.00
Total value as of Dec. 31, 1898	54,396,617.50
To this amount should be added the subsequent expenditures for improvements and additions, as follows:	
Actual cost of Springfield & Peoria line, about	3,000,000.00
Cash spent subsequent to Dec. 31, 1898, for improvements, new equipment, reconstruction, etc., up to June 30, 1906, about	19,500,000.00
Total investment on cash basis, about	76,896,617.50

As the result of the recapitalization and capital expenditures the amounts of securities outstanding on June 30, 1906, were as follows:

$37,350,000, par value, 3 per cent bonds representing a value at the average price realized, say 90 per cent (the remaining $8,000,000 bonds of this issue being pledged to secure notes mentioned below or being held in the treasury), about	$33,615,000.00
$22,000,000, par value, 3½ per cent bonds actual value at average price, say 82½ per cent, about	18,150,000.00
$8,016,918, par value, notes and car trusts, value say	7,800,000.00
$3,693,200, par value, guaranteed stock, cash value say 150, same as in 1898	5,539,800.00
$899,300, par value, 4 per cent prior lien stock, at par	899,300.00
$19,544,000, par value, 4 per cent preferred stock, at par	19,544,000.00
$19,542,800, par value, common stock, at par	19,542,800.00
Total capitalization	105,090,900.00

This shows an increase, as compared to December 31, 1898, of about $28,000,000, taking the new common and preferred stock at par. As a matter of fact, these stocks have always sold considerably below par. At its issue the common stock sold at about 33 and the preferred stock at about 70.

The fixed charges on the outstanding securities under the recapitalization, including full dividends upon the preferred stock, are less than the aggregate amount which, under the former management, the company had been paying out annually by way of interest and dividends, plus interest upon the new capital expended for improvements and additions. This appears from the following comparison:

For the year ending Dec. 31, 1898, the amount paid out by the company by way of interest upon its funded debt, rentals, and dividends (7 per cent) upon its capital stock (after crediting $231,232 interest and dividends collected on bonds and stocks owned by the company) was	$2,339,448.05
The annual fixed charges as of June 30, 1906, including interest upon all obligations, rentals, and 4 per cent dividends upon the preferred stock (after crediting $240,000 interest on bonds owned by the company) were	3,228,864.69
An increase of	889,416.64
This increase is considerably less than interest at 4½ per cent per annum upon $19,500,000 of the new capital which the present management has expended upon the property and $3,000,000 paid for the Springfield and Peoria line, which interest aggregates	1,012,500.00

It will thus be seen that the net result of the recapitalization was the creation of preferred securities consisting of bonds and preferred stock, the interest and dividends upon which absorb only such earnings as the company had already been paying out for many years under unprogressive management and unfavorable conditions. The common stock was created to represent the future of the property and the increased earning capacity which was expected to result from progressive management and a radical increase in the company's facilities. This was precisely the basis of capitalization which at that period was being applied in the readjustment and reorganization of many railroad enterprises in the United States. That the Chicago & Alton was in need of readjustment is apparent from the fact that for years it had been steadily deteriorating in physical condition, in the quality of its service to the communities along its lines, and in earning power.

The fact that the property has not made as large earnings upon the new common stock as was expected is due to the fact that the capital expenditures required to modernize the property proved to be much greater than was anticipated and also to the very great decline in freight rates in the company's territory which has taken place in the last few years. The official statements show an aggregate decline in the freight rates of the Chicago & Alton since 1898 of approximately 30 per cent as compared to present rates. Even with this decline it is estimated that in the current fiscal year the Chicago & Alton will make substantial earnings on its common stock.

With respect to the sale of 3 per cent bonds in 1899 at 65, it is pointed out that the bonds were sold, not to favored individuals, but without discrimination to all stockholders, including the large number of holders of syndicate participations, and that the sale of both bonds and stock to stockholders at less than market value has been a common and generally approved expedient. While the low interest rates which pre-

vailed in 1899, and the fact that the bonds became savings bank investments, made it possible to market them at a substantial profit, the stockholders, in taking them at 65, took them upon an interest basis of about 4¼ per cent per annum. In other words, the effect of the transaction, so far as the company was concerned, was precisely the same as if 5 per cent bonds had been sold to the stockholders at a price slightly above par.

That the public has enormously benefited from the improvement of the property and the application of progressive methods to its management is shown by the fact that since 1898 the volume of freight traffic upon the Chicago & Alton has more than doubled, while the amount of freight carried for every dollar paid out in interest and dividends has increased more than 80 per cent. The capacity of the freight equipment has been increased over 200 per cent, that of the passenger equipment nearly 100 per cent, and the traction capacity of locomotives over 130 per cent.

In capitalizing part of the company's expenditures for improvements and distributing $6,669,180 of this addition to surplus by way of an extra dividend of 30 per cent upon the old stock, the directors were simply carrying out the purpose of the former management of the company, as contemplated in the public circular of Mr. Blackstone, quoted above.

An apparent misapprehension has resulted from the testimony of a witness that the mortgage securing the 3½ per cent bonds covered, as an unimportant part of the security a short piece of road which the company was authorized to build, but which had not been actually constructed. This provision is in accord with the common practice with respect to general mortgages of railroad companies and it conferred no pecuniary advantage whatsoever on any one.

For the information of bondholders it is stated that eminent counsel have advised that there is not the slightest doubt as to the validity of both issues of bonds. Copies of counsel's opinion will be furnished to bondholders upon application to the president of the company.

CHICAGO, *January 31, 1899.*

To the stockholders of the Chicago & Alton Railroad Co.:

John J. Mitchell, of Chicago (the undersigned), has entered into a certain agreement, dated January 28, 1899, and lodged with the United States Trust Co. of New York, providing for the purchase, upon the terms and conditions thereof, by certain parties therein named, of any or all of the outstanding capital stock of the Chicago & Alton Railroad Co. Said agreement is conditioned, among other things, upon the acceptance of the offer of the said parties to so purchase, by the holders of a majority of the outstanding capital stock, irrespective of classification, on or before March 1, 1899. The terms of purchase are at the rate of $200 per share for each share of preferred stock and $175 per share for each share of common stock. The agreement provides also that without the mutual consent of the parties thereto there shall be no sale unless a majority accept the offer as stated in the agreement. Stockholders may inspect the original agreement so lodged with the United States Trust Co.

The agreement also provides:

1. That the acceptance of shareholders shall be evidenced by the deposit of share certificates duly indorsed in blank with said United States Trust Co., for which said trust company shall issue negotiable receipts to depositors, subject to the terms and conditions of the said agreement.

2. That if said majority aforesaid shall have been deposited with said trust company on March 1, 1899, then, and in that event, the time for remaining holders of common or preferred stock to accept said offer and deposit their certificates with said trust company shall be extended to and including April 1, 1899.

3. That persons away from home or outside of the United States shall have until and including June 1, 1899, to deposit their stock, provided notification is given to the United States Trust Co., by or for them, on or before April 1, 1899, that they accept the offer to purchase and that they will deposit their stock indorsed in blank with said United States Trust Co. on or before June 1, 1899; also that guardians, trustees, executors, or administrators who are without power to accept said offer and deposit their stock without an order of court shall likewise have until June 1, 1899, to accept the same and to deposit their certificates indorsed in blank with said United States Trust Co., provided notification is given said trust company, by or for them, on or before April 1, 1899, of their intention, if authorized by order of court, to accept the said offer and to deposit their stock indorsed in blank as aforesaid on or before June 1, 1899, and of their purpose to present to the proper court a petition asking for authority to accept said offer and to deposit their stock subject to the terms of said agreement.

4. That if such purchase be consummated payment for all stock sold shall be made

at the office of said United States Trust Co. on or before March 15, 1899, but that from the purchase price shall be deducted any and all dividends declared and paid subsequent to the date of the said agreement, and also the necessary internal-revenue taxes. Thereafter payments for additional stock, deposited within the limitation of time provided in the agreement shall be made within three days of deposit.

The undersigned, in view of the said offer, herewith submits the same to the stockholders of the Chicago & Alton Railroad Co., with the suggestion that stockholders promptly consider the same, and in the event of acceptance, forward their certificates indorsed in blank to the said United States Trust Co.

I inclose herewith blank form of letter for use by those desiring to deposit their stock.

I also inclose blank form of letter addressed to the secretary of the company so that the undersigned may be advised of the receipt by you of this communication.

Respectfully,

JOHN J. MITCHELL.

The foregoing is upon the request of the parties to said agreement, submitted to the stockholders by the unanimous order of the board of directors.

Respectfully,

H. E. R. WOOD, *Secretary.*

CHICAGO & ALTON SYNDICATE.

[Syndicate agreement of March 2, 1899.]

The United States Trust Co. of New York is prepared to deliver on or after October 25, 1900, in settlement of Chicago & Alton purchase money certificates, for each $1,000 face value of such certificates, $375 face value of temporary certificates of interest for Chicago & Alton Railroad Co., 3 per cent refunding 50-year gold bonds; $500 face value of Chicago & Alton Railway Co. first lien 3½ per cent gold bonds; $400 face value of Chicago & Alton Railway Co. 4 per cent noncumulative preferred stock; $250 face value of Chicago & Alton Railway Co. common stock; $10 cash (including adjustment of interest to July 1, 1900).

The certificates of interest for Chicago & Alton Railroad Co. 3 per cent refunding 50-year gold bonds provide for the right of sale until July 1, 1901, of all or any part of the bonds which have been deposited with the United States Trust Co. of New York, at the price of 95 per cent and accrued interest. If the bonds remain unsold, the certificates of interest are to be exchanged for the actual bonds on and after July 1, 1901. If sold, the certificates will be redeemed in cash on or before the above date, at 95 per cent and the accrued interest from April 1, 1900; if only part are sold, redemption will be made proportionally in cash and bonds. These 3 per cent refunding bonds certificates of interest, as well as the Chicago & Alton Railway Co. 3½ per cent coupon bonds are of the denomination of $1,000 each, and the shares are of the par value of $100 each. Holders entitled to fractional amounts of certificates, bonds or shares, can either sell the fractions or can purchase sufficient to entitle them to an entire certificate, bond, or share. Holders transmitting Chicago & Alton purchase money certificates by mail or express should indicate whether they wish to sell or purchase fractional amounts, and whether they wish the securities sent by registered mail or express at their expense and risk.

NEW YORK, *October 22, 1900.*

CHICAGO & ALTON SYNDICATE—NEW SECURITIES.

Chicago & Alton Railroad Co. 3 per cent refunding 50-year gold bonds, due 1949.—Total authorized amount $40,000,000, of which $31,988,000 par value have been issued. These bonds are secured by mortgage dated October 1, 1899, to the Illinois Trust and Savings Bank as trustee. Out of the proceeds of the bonds already issued, the prior bonds which matured during this year have been paid off, and funds have also been deposited with the United States Trust Co. of New York to redeem the principal, and to pay the interest thereon until maturity of all outstanding prior bonds amounting to $6,789,850 face value.

The privilege of subscription was exercised for the syndicate in respect of its holdings at the time the refunding bonds were offered to the railroad company's shareholders. Of the bonds received for syndicate account, a sufficient amount has been sold to provide, together with dividends received, the funds for the cash requirements of the syndicate. The bonds now distributable among certificate holders represent the balance of the bonds [illegible] ate account.

The further issue of 3 per cent refunding mortgage bonds beyond the first $40,000,000 is restricted to funding the existing leasehold obligations of the railroad company, now amounting to about $233,000 net per annum, and to providing funds for building, completing, or acquiring additional railroad in extension of the present property, for which latter purpose an amount not exceeding $10,000,000 may be issued, and to providing funds for future requirements and betterments undertaken or contracted for after January 1, 1900, for which purpose an additional $5,000,000 may be issued. These additional bonds, over the $40,000,000 now authorized, can only be issued when authorized by the holders of two-thirds of the outstanding preferred and common stock of the railroad company.

Of the 3 per cent refunding mortagage bonds subscribed for syndicate account a portion has been sold, and the remaining bonds have been deposited with the United States Trust Co. of New York against which negotiable receipts in the denomination of $1,000 will be issued to the holders of Chicago & Alton purchase money certificates. The receipts provide for the right of sale until July 1, 1901, of all or any part of the deposited bonds at the price of 95 per cent and accured interest. If the bonds remain unsold, the receipts are exchangeable for the deposited bonds on and after July 1, 1901. If the bonds are sold, the receipts will be redeemed in cash on or before the above date at 95 per cent and the accured interest from April 1, 1900; and if only part of the bonds are sold redemption will be made proportionally in cash and bonds.

Chicago & Alton Railway Co. securities.—The Chicago & Alton Railway Co. was incorporated in April, 1900, under the laws of the State of Illinois, with a capital of $20,000,000 noncumulative 4 per cent preferred stock and $20,000,000 common stock. The preferred stock is entitled to noncumulative preferential dividends not exceeding 4 per cent annually, and the balance appropriated in any year to dividends goes to the common stock. The Chicago & Alton Railway Co. has acquired the railroad from Springfield to Peoria, formerly owned by the St. Louis, Peoria & Northern Railway Co., and it has leased the lines of the Chicago & Alton Railroad Co. for the term of 99 years from April 3, 1900, at a rental equal to the net earnings of the lines of the railroad company after payment of all fixed charges, taxes, etc. The new company has also purchased 183,224 shares of the common stock and 34,722 shares of the preferred stock of the Chicago & Alton Railroad Co. (out of a total of 187,511 shares of common and 34,795 shares of preferred stock outstanding).

The Chicago & Alton Railway Co. has also created an issue of $22,000,000 first lien 3½ per cent gold bonds maturing July 1, 1950, but redeemable at par at any time on six months' notice. These bonds are secured by a mortgage to the Farmers' Loan & Trust Co. of New York, as trustee, mortgaging the railway line and the entire corporate property of the railway company including leaseholds and pledging 34,722 shares of preferred stock and 183,224 shares of common stock of the Chicago & Alton Railroad Co., certificates for which have been deposited with said trustee. This mortgage provides that the railway company as owner of stock of the railroad company will not give its consent to the issue of any of the refunding 3 per cent bonds of the Chicago & Alton Railroad Co. in excess of the $40,000,000 now authorized, except when such additional issue is expressly authorized by a three-fourths vote of the entire board of directors of the railroad company and approved by a three-fourths vote of the entire board of directors of the railway company. All the bonds and the entire capital stock of the railway company have been issued with the exception of 4,572 shares of common and 4,560 shares of preferred stock, which have been reserved to acquire, if practicable, the 4,287 shares of common stock of the Chicago & Alton Railroad Co. outstanding in the hands of others than the railway company.

The position of the Chicago & Alton Railway Co. at this time is as follows:

Interest on $31,988,000 Chicago & Alton R. R. Co. 3 per cent refunding mortgage bonds (assumed under lease)	$959,640.00
Annual net rentals of the Chicago & Alton R. R. Co	233,030.00
Interest on $22,000,000 Chicago & Alton Ry. Co. first lien 3½ per cent bonds	770,000.00
Total requirements for fixed charges, including rentals	[1] 1,962,670.00

The gross earnings of the Chicago & Alton Railroad Co. for the year ending June 30, 1900, during which year the road lacked much needed improvements and betterments which are now progressing, and suffered from want of equipment now acquired and in course of delivery were $7,796,450; net earnings, $2,964,628.

[1] The railroad and railway companies have agreed to take over on or before January 1, 1904, if previously not otherwise disposed of, the terminals in the city of Chicago, Ill., leased on October 1, 1898, to the St. Louis, Peoria & Northern Railway Co. by the Chicago Terminal Transfer Co., upon the terms and conditions of the agreement of lease between the two companies as modified by the supplemental agreement of May 26, 1899.

In the two months of the current year ending August 31, the gross earnings increased over 1899, $432,551; and the net earnings increased over 1899, $151,783.

In the above figures the earnings of the line from Springfield to Peoria are not included.

NEW YORK, *October 25, 1900.*

DISSOLUTION OF THE VOTING TRUST OF THE NORTHERN PACIFIC RAILWAY CO., NOVEMBER 12, 1900.

23 WALL STREET,
New York, November 12, 1900.

To the holders of trust certificates for the common and preferred capital stock of the Northern Pacific Railway Co.:

Pursuant to the plan for the reorganization of the Northern Pacific Railroad Co., dated March 16, 1896, and "in furtherance of the independent reorganization and administration of the property and to promote and protect the value of the securities of the new company," Messrs. J. P. Morgan & Co., as reorganization managers, delivered to the undersigned, as voting trustees, under the terms of an agreement dated December 1, 1896, the common and preferred capital stocks of the Northern Pacific Railway Co., for which our trust certificates have been issued and are now outstanding.

By the receipt of these Northern Pacific shares the voting trustees possessed and became "entitled to exercise all the rights of every name and nature, including the right to vote in respect of any and all such stock."

As stockholders of record, the voting trustees have received all dividends paid upon these shares and have caused the same to be distributed as received to the holders of the trust certificates.

In voting the stock held by them the voting trustees have exercised their best judgment, from time to time, in the selection of suitable directors, to the end that the affairs of the company should be properly managed.

The annual reports issued and distributed by order of the directors during the past four years to the holders of the trust certificates and various securities of the company have given prompt and full information to all parties in interest regarding the directors and officers selected, and the management thereby secured by the voting trustees in the exercise of their voting power and the administration of their trust.

Although the 1st day of November, 1901, was fixed as the date for the expiration of this trust, yet it was provided that at any time the voting trustees might call upon the holders of the stock trust certificates to exchange them for certificates of capital stock.

By reason of the evidences of financial strength, conservative management, skillful and profitable operation, superior physical condition of the property, and the reasonable prospect of continued prosperity of the Northern Pacific Railway Co., the voting trustees, in the exercise of their discretion, have decided to now terminate their trust and to distribute on January 1, 1901, the shares of stock they hold in exchange for their outstanding trust certificates.

The Northern Pacific Railway Co. has already declared 13 dividends upon its preferred stock and six dividends upon its common stock. Although its published statements of earnings and cash resources give evidence that the continuance of regular quarterly dividends, now established at the rate of 4 per cent per annum, upon both its common and preferred stocks, may be reasonably expected under its present management, yet a brief summary of the position of the company may be of interest to its proprietors at the present time.

MILEAGE.

On September 1, 1896, when the Northern Pacific Railway Co. received possession of its property, the railroad system consisted of a main line and branches aggregating 4,345.69 miles. On November 1, 1900, the total mileage owned and operated amounted to 5,666.52 miles, an increase of 1,320.83 miles, equivalent to an increase of 30.4 per cent in mileage owned and operated.

During the same period the miles of second track, spurs, and sidings have increased 575.39 miles, or 63.2 per cent, from 909.32 to 1,484.71 miles.

EQUIPMENT.

The increase in number of items constituting the equipment has been as follows:

Equipment.	Sept. 1, 1896.	Nov. 1, 1900.	Increase.	
			Number.	Per cent.
Locomotives	574	688	114	19.9
Passenger-train cars	438	582	144	32.9
Freight-train cars	18,032	25,130	7,098	39.4
Miscellaneous equipment	465	652	187	40.2
Total	19,509	27,052	7,543	38.7

While the increase in total number is 38.7 per cent, the increased horsepower of the road locomotives is 62.2 per cent, and the increased capacity of the freight trains is 70.6 per cent, by reason of the purchase of heavier power and the reenforcement and purchase of cars of larger capacity.

The average trainload of revenue freight increased in the same period 69.57 per cent, from 193.52 to 328.16 tons.

LAND GRANT.

Instead of holding the lands at prices that were high compared with the prices asked for adjoining Government lands, the policy of selling at much reduced rates has been vigorously carried out with great success, thereby reducing the company's taxes, stopping the interest on "land-grant" bonds retired, and increasing the population and tonnage tributary to the railroad system.

The acreage of the lands granted by the United States to the Northern Pacific Railroad Co. has been thus reduced over 34 per cent, from about 34,000,000 to about 22,000,000 of acres, as will be seen by the following details of unsold lands:

Locations.	Dec. 1, 1896.	Sept. 30, 1900.	Decrease in acres.
Minnesota	1,336,154	442,796	893,358
North Dakota	6,851,987	1,267,780	5,584,207
Montana	15,801,143	13,270,271	2,530,872
Idaho	1,832,493	1,633,272	199,221
Washington	8,670,333	6,129,934	2,540,399
Oregon	146,763	29,197	117,566
Total acres	34,638,873	22,773,250	11,865,623

Under the terms of the mortgages issued by the Northern Pacific Railway Co. the net proceeds of the land grant are now applicable to the extent of one-half, but not exceeding $500,000 in any one year, to the purchase at not exceeding 110 per cent and the cancellation of prior lien 4 per cent bonds; and when these are not obtainable, then to the purchase at not exceeding 100 per cent and the cancellation of general lien 3 per cent bonds. The remaining half of the proceeds are to be used for betterments and additions to the mortgaged property.

Since the cancellation of all the mortgages securing the "land-grant" bonds of the old Northern Pacific Railroad Co. the proceeds of land sales have been applied as above provided, and $1,282,500 of prior lien bonds have been purchased and canceled.

CAPITALIZATION AND FIXED CHARGES.

During the same period of increased assets and earning power the mortgage debt and fixed interest charges have been increased as follows:

Date of balance sheet.	Mortgage debt.	Average rate of interest.	Annual interest charges.
		Per cent.	
June 30, 1900	$171,346,596	3.79	$6,497,655
Sept. 1, 1896	156,157,500	3.98	6,217,320
Changes	15,189,096	.19	280,335

While the mortgage debt has been increased 9.72 per cent and the fixed annual interest charges 4.51 per cent, the average rate of interest on the entire mortgage debt, both that of original issue and that assumed, has been reduced 4.8 per cent.

By reason of the application of the proceeds of land sales to the payment of "land-grant" bonds and the acquisition and construction of additional mileage during the period from September 1, 1896, to June 30, 1900, the capitalization per mile has been reduced $11,623 per mile, or 16.16 per cent.

ADVANCE IN PRIORITY OF MORTGAGE LIENS.

Since September 1, 1896, all the then outstanding bonds of the old Northern Pacific Railroad Co. assumed to be paid by the new Northern Pacific Railway Co.—being $1,776,000 Missouri River division sixes, $16,142,000 general first-mortgage sixes, $17,918,000 in all—have been retired and their mortgages discharged of record.

The prior lien 4 per cent bonds have thus become a first lien, by direct mortgage or through the ownership of securities, upon 4,975.04 miles of main line and branches, including extensive terminal properties at the several termini on Lake Superior and Puget Sound, upon the entire Northern Pacific Railroad land grant and all the equipment of the Northern Pacific Railway Co., exclusive of the St. Paul & Northern Pacific and St. Paul & Duluth divisions, upon which, subject to their existing underlying mortgages, the new bonds likewise have subsisting liens.

The general lien 3 per cent bonds have likewise been advanced in order of lien, so that they are now secured by a second mortgage upon the same property that secures the prior lien 4 per cent bonds and subject to the same exceptions stated.

EARNINGS.

The gross earnings for the fiscal year ending June 30, 1900, were	$30,021,317
For the year ending June 30, 1896, they were	19,863,159
Being an increase of 51.14 per cent, or	10,158,156

The net income for the same periods increased 105.39 per cent, being from $7,527,913 to $15,461,620.

Appropriations from net income have been made during the past three years to the extent of $5,988,328 for new equipment and additions and betterments to the property.

Dividends have been declared upon both common and preferred shares to the aggregate amount of $14,550,000.

Surplus revenues have been accumulated in cash, amounting on September 30, 1900 to $7,273,248, of which $3,000,000 cash was set aside in 1898 as a special reserve, until the end of 1901, to insure the continuity of dividends upon the preferred stock.

CASH WORKING CAPITAL.

On June 30, 1897, the current assets, exclusive of the betterment and enlargement funds, exceeded the current liabilities by $5,258,592.

On September 30, 1900, the current assets, exclusive of the betterment and enlargement and insurance funds, and the special reserve of $3,000,000 for continuity of dividends on preferred stock, exceeded the current liabilities by $19,540,482, an increase of 271.6 per cent since June 30, 1897.

CASH AND CASH ASSETS.

The cash and available assets of the company on September 30, 1900, including the betterment and enlargement, preferred stock dividend and insurance funds, were as follows:

Cash	$8,856,645
Accounts receivable	2,607,601
Materials on hand	2,270,928
Land contracts	2,284,990
Treasury securities:	
Prior lien bonds, $9,894,000, at 100 per cent	9,924,000
General lien bonds, $2,650,000, at 60 per cent	1,590,000
Miscellaneous bonds and stocks	7,153,854
Total present cash resources	34,688,018

With the exception of the interest on $811,000 general lien bonds held by the insurance fund, the interest accruing upon the prior lien and general lien bonds held as treasury securities has not been included in either the fixed charges or the miscellaneous income of the company for the past fiscal year.

In addition to the above-described cash and convertible assets there are the following marketable bonds available, under the provisions of their respective mortgages, for new construction, betterments, equipment, and other purposes:

Prior lien 4-per cent bonds to the extent of not exceeding $1,500,000 per annum	$20,500,000
General lien 3 per cent bonds, as required for betterments, new construction, equipment, etc	4,000,000
St. Paul & Duluth Division 4 per cent bonds, for betterments and additions to this division	5,502,000
	30,002,000

BETTERMENT AND ENLARGEMENT FUND.

Under the plan of reorganization a cash fund amounting to $5,073,964 was provided for early use in the betterment and enlargement of the property acquired by the new company. The entire amount of this fund has been expended for the purposes indicated:

Further cash and bonds have been received, from time to time, for similar improvements, pursuant to the provisions therefor under the terms of the prior lien mortgage, to the aggregate amount of	$18,028,579
During the same period there has been expended from this additional fund, for new mileage, equipment, real estate, and improvements	9,564,065
Leaving Sept. 30, 1900, still available in cash and bonds for similar expenditures	8,464,514
After a total disbursement, as above described, of	14,638,029
	23,102,543

PHYSICAL CONDITION.

In addition to the large amounts charged to operating expenses during our period of trusteeship for improvements and additions to the property, there has been $5,988,328 appropriated from net income during the past three years for these purposes.

The following details will indicate the amount and character of the expenditures made from September 1, 1896, to November 1, 1900, to place the property, exclusive of the proprietary companies, in condition for economical operation and maintenance:

Heavy steel rails laid on	miles	1,042
Added second track, spurs and sidings	do	221
Embankments widened to 16 feet on	do	1,391
Roadway ballasted for	do	1,426
Replaced	ties	7,550,000
Grades reduced, with incidental improvement of alignment and curvature, over engine districts aggregating	miles	1,700
Tonnage capacity of freight-train cars, increased	per cent	70.6
Horse-power capacity of road locomotives, increased	do	62.2

OPERATING RESULTS.

The increase of net income to the extent of 103.89 per cent in the past four years, while largely due to the improvement in general business, could not have been attained in the face of voluntary reductions in freight and passenger rates but for the decrease of expenses of transportation through the intelligent application of the best methods known in the science of railroad operation and engineering. The results of such methods are shown in the following comparative statistics for that period, by which it will be seen that invested capital, labor, and fuel have been utilized with an economy and profit seldom before shown in the solution of railroad problems of this country.

Although there has been in this period of four years an increase of 67.45 per cent in tons of revenue freight carried 1 mile, yet by increasing the tonnage loaded in each car 25.66 per cent and the number of loaded cars in each train 34.93 per cent, the number of revenue tons in each train has been increased 69.57 per cent, and the increase of 888,358,921 tons 1 mile has been transported in 1900 in trains that ran 85,181 miles less than was required for that much less tonnage under the methods and facilities of 1896.

Although the mileage of loaded freight cars increased 33.22 per cent, and the average receipts per ton per mile decreased 12.65 per cent, yet the total freight earnings per train mile increased 48.29 per cent.

The following statistics are from the annual reports.

Operating units.	Year.	Tons, miles, etc.	Increase (+) or Decrease (−).	Per cent.
Tons of revenue freight carried 1 mile	1900	2,205,317,271	+888,358,921	67.45
	1896	1,316,958,350		
Average tons of revenue freight in each loaded car	1900	13.42	+ 2.74	25.66
	1896	10.68		
Average number of loaded freight cars in each train	1900	24.45	+ 6.33	34.93
	1896	18.12		
Average number of tons of revenue freight in each train	1900	328.16	+ 134.64	69.57
	1896	193.52		
Miles run by freight trains	1900	6,720,173	— 85,181	1.25
	1896	6,905,354		
Mileage of loaded freight cars	1900	164,314,552	+ 40,972,098	33.22
	1896	123,342,454		
Average receipts per ton per mile revenue freight	1900	0.00987	— 0.00143	12.65
	1896	0.01130		
Total freight earnings per train-mile	1900	3,295	+ 1,073	48.29
	1896	2,222		

The above record appears even more creditable when it is considered that 42 per cent of the mileage of the system now operated is composed of 63 separate branch lines.

SUMMARY.

The strength of the Northern Pacific Railway Co. in its physical and financial condition, as well as in its management, may be briefly stated in conclusion as follows:

While the mileage has been increased 30.4 per cent, the capitalization has been decreased $11,623 per mile.

The prior-lien bonds have been made a first mortgage, and the lien of the general lien bonds has been correspondingly advanced to the second position.

Even with unusual charges to expenses for improvements to the property, the net income during the past three years has averaged 5.16 per cent on both preferred and common stocks.

The net cash working capital on September 30, 1900, was $19,540,482, while the total cash assets of the treasury amounted to $34,688,018.

There are additional resources for present and future requirements in $30,002,000 of bonds issuable under existing mortgages of the Northern Pacific Railway Co.

The condition of the railroad and its equipment is of the first class.

The officers have given continued evidence of their ability to improve and extend the property while increasing its net revenue.

The directors have contributed, by their varied experiences and personal attention, so much to the strength and credit of the company that we consider their continuance in the guidance of its affairs to be of the greatest importance to its future prosperity.

Because of the conditions above described we believe that the purposes of our trusteeship have been fulfilled and that we are warranted in now dissolving the voting trust.

J. PIERPONT MORGAN,
DR. GEORG VON SIEMENS,
JOHNSTON LIVINGSTON,
AUGUST BELMONT,
CHARLES LANIER,
Voting Trustees.

Traction statistics of the Northern Pacific Railway Co.

	Sept. 1, 1896.	Nov. 1, 1900.	Increase.	
			Amount.	Per cent.
Number of engines	574	688	114	19.9
Weight on drivers	41,915,565	61,756,335	19,840,770	47.3
Number of road engines	505	604	99	19.6
Weight on drivers	36,732,815	54,647,035	17,914,220	48.7
Horsepower of road engines	242,475	393,345	150,870	62.2
Number of cars in service	18,032	25,130	7,098	39.4
Total capacity in tons	368,914	629,269	260,355	70.6
Net tons per train-mile [1]	234.2	[2] 451.3	217.1	92.7

[1] Including company as well as commercial freight. [2] Sept. 1, 1900.

Population of States tributary to the railroad system of the Northern Pacific Railway Co.

States.	1890	1900	Increase.	Per cent.
Wisconsin	1,686,880	2,068,963	382,083	22.6
Minnesota	1,301,826	1,751,395	449,569	34.5
North Dakota	182,719	319,040	136,321	74.6
Montana	132,159	243,289	111,130	84.1
Idaho	84,385	161,771	77,386	91.7
Washington	349,390	517,672	168,282	48.2
Oregon	313,767	413,532	99,765	31.8
Total	4,051,126	5,475,662	1,424,536	35.2
Alaska	32,052	44,000	11,948	37.3
Manitoba (approximate)	150,000	300,000	150,000	100.0
Total	4,233,178	5,819,662	1,586,484	37.5

KUHN, LOEB & CO., WILLIAM AND PINE STREETS,
New York, January 6, 1913.

SAMUEL UNTERMYER, Esq., *New York.*

DEAR SIR: Referring to your letter of December 24, we beg to hand you herewith supplemental statements as follows:

Statement A.—Giving details of purchases from interstate corporations mentioned in our answer to question No. 1 in your former letter, where such purchases were made by us in the first instance without any associates.

Statement B.—Giving details of purchases from interstate corporations, mentioned in our answer to question No. 1 in your former letter, where such purchases were made by us jointly with others, the names of our associates being specified. A separate statement, marked "B 2," is included, giving the same information from 1897 to 1906.

Statement C.—Giving the same information as in statement B, but grouping the items together under the names of the associates, instead of under the names of the corporations.

Statement D.—Giving the names of the members of this firm who are directors in the companies mentioned in our answer to question No. 2 in your former letter, as well as the names of the members of our firm who are directors in the various banks and trust companies mentioned.

Statement E.—Giving the details of sales of bonds to life insurance companies.

Statement F.—Containing the same information as statement E, but grouped by years.

Statement G.—Showing the resources of the corporations specified in our answer to question No. 1 in your former letter. These totals have been compiled by employees of this firm from published reports, but, of course, we can in no way vouch for their accuracy. They represent the totals of the asset side of the balance sheet of the respective corporations, as of the dates mentioned, which, in some instances, include good will, etc.

We further beg to hand you herewith copy of the voting-trust agreement created at the time of the reorganization of the Baltimore & Ohio Railroad Co., which is the only voting trust incident to a reorganization in which our firm acted as reorganization managers, or in which any partner of this firm was a member of the committee of reorganization or a voting trustee. This voting trust was dissolved on September 12, 1901.

We inclose a form of syndicate agreement used in connection with the syndicate formed for the purchase of the securities therein named. While we rarely use syndicate agreements, this may be regarded as a typical one, although no two syndicate agreements are exactly alike. Our allotment letters differ so greatly, depending on the circumstances of each case, that we do not find it practicable to select a form that could be regarded as typical.

The above statements contain all the information which we feel at liberty to give without disclosing the affairs of our clients and associates. For this reason we have not given detailed information regarding syndicate participations which we have granted or received. We have answered your question in regard to our sales of bonds to life insurance companies, as these are matters of public record.

As to furnishing a list of intrastate corporations having the same relations to this firm as those specified in the list with respect to interstate corporations, we do not feel that we should be called upon to furnish this information.

As in the case of the information previously furnished, we are giving the above information in pursuance of our policy of facilitating the investigation as far as we consistently can with due regard to our obligations to others, notwithstanding that we are advised by counsel that most, if not all, the information called for is of such nature that we are under no legal obligation to furnish it.

Yours, respectfully, KUHN, LOEB & Co.

STATEMENT A.

Date.	Name.	Total issue.
	Associated Simmons Hardware Co.	
Oct. 14, 1911	5-year 5 per cent gold notes	$5,000,000
	Central Pacific Railway Co.	
Jan. 6, 1911	Through short line first mortgage 4 per cent bonds	1,340,000
Feb. 24, 1911	4 per cent 35-year European loan	50,000,000
	Chicago & Alton Railroad Co.	
Jan., 1907	5 per cent 5-year gold notes due Jan. 1, 1912	6,000,000
Jan. 23, 1907	....do	
June 5, 1909	Refund mortgage 3 per cent gold bonds	8,000,000
	Chicago & Eastern Illinois Railroad.	
Jan. 3, 1912	General consolidated and first mortgage 5 per cent bonds	1,230,000
Feb. 16, 1912	Preferred stock	1,000,000
Jan. 19, 1912	5 per cent purchase money first lien coal bonds	2,680,000
May 14, 1912	Preferred stock	300,000
Apr. 25, 1912	Purchase money first lien 5 per cent coal mortgage bonds	1,826,000
June 24, 1912	....do	525,000
Sept. 6, 1912	5 per cent equipment certificates	3,310,000
	Chicago & North Western Railway Co.	
Jan. 18, 1909	General mortgage 3½ per cent gold bonds	10,000,000
Do	Manitowoc, Green Bay & N. W. first-mortgage 3½ per cent gold bonds	3,750,000
Do	Milwaukee & State Line Ry. Co. first-mortgage 3½ per cent gold bonds	2,500,000
Nov. 17, 1910	General mortgage 4 per cent gold bonds	15,000,000
Apr. 25, 1911	....do	7,500,000
Jan. 25, 1912	Milwaukee, Sparta & N. W. first-mortgage 4 per cent gold bonds	15,000,000
	Chicago, St. Paul, Minneapolis & Omaha Railway Co.	
Jan. 25, 1912	5 per cent debenture gold bonds, due 1930	5,000,000

STATEMENT A—Continued.

Date.	Name.	Total issue.
	Delaware & Hudson Co.	
Mar. 20, 1908	5-month 4½ per cent notes, due Aug. 28, 1908	$2,000,000
	Galveston, Harrisburg & San Antonio Railway.	
Jan. 9, 1911	First-mortgage 5 per cent bonds	991,000
	Illinois Central Railroad.	
Nov. 1, 1908	Refunding mortgage 4 per cent gold bonds	20,000,000
Jan. 18, 1911	First and refunding mortgage 4 per cent bonds	2,740,000
June 9, 1911	.....do	10,000,000
June 12, 1912	4½ per cent 2-year notes, dated July 1, 1912	15,000,000
	Missouri Pacific Railway Co.	
Nov. 16, 1909	Convertible 5 per cent first and refunding mortgage 50-year gold bonds, Series A	29,806,000
	New York, New Haven & Hartford Railroad Co.	
Feb. 15, 1907	4 per cent 15-year European loan of 1907, due Apr. 1, 1922	28,000,000
	New York, Ontario & Western Railway Co.	
June 7 to Dec. 31, 1907.	General mortgage 4 per cent bonds	1,948,000
	Pennsylvania Railroad Co.	
Feb. 19, 1907	3-year 5 per cent secured notes, due Mar. 15, 1910	60,000,000
May 14, 1909	General freight equipment trust 4 per cent certificates	8,100,000
June 6, 1912	General freight equipment trust 4 per cent serial certificates	6,000,000
Oct. 3, 1912	.....do	1,000,000
	St. Louis Southwestern Railway Co.	
Jan. 28, 1909	Consolidated mortgage 4 per cent bonds	1,000,000
	Southern Pacific Co.	
Apr. 20, 1909	4 per cent convertible gold bonds	15,000,000
June 4, 1909	.....do	12,000,000
June 14, 1909	.....do	10,234,000
June 10 to Nov. 22, 1910	San Francisco Terminal first mortgage 4 per cent bonds	19,000,000
	Southern Pacific Railroad Co.	
Apr. 30, 1909	First refunding mortgage 4 per cent gold bonds	2,292,000
Mar. 9, 1910	.....do	13,395,000
	Union Pacific Railroad Co.	
May 7, 1907	4 per cent 20-year convertible bonds	75,000,000
June 4, 1908	First lien and refunding mortgage 4 per cent bonds	20,000,000
June 21, 1909	.....do	3,500,000
Mar. 7, 1910	.....do	4,902,000
	Utah & Northern Railway Co.	
May 20, 1908	First-mortgage 4 per cent bonds	4,993,000
	Wabash Railroad Co.	
Feb. 1, 1912	5 per cent receivers' certificates	10,000,000
May 1, 1912	.....do	1,500,000
Aug. 1, 1912	.....do	2,500,000
	Westinghouse Electric & Manufacturing Co.	
Aug. 1, 1907	3-year 6 per cent collateral notes dated Aug. 1, 1907	6,000,000
May 24, 1910	6 per cent notes	4,000,000
	Total	330,862,000

STATEMENT B.

Date.	Name.	Total issue.	Associates.
	American Telephone & Telegraph Co.		
Sept. 30, 1908	Convertible 4 per cent gold bonds	$25,000,000	J. P. Morgan & Co., Kidder, Peabody & Co., and foreign bankers.
Jan. 8, 1907	3-year 5 per cent notes dated Jan. 1, 1907	25,000,000	
	Armour & Co.		
May 24, 1909	Real estate first mortgage 4 per cent bonds	30,000,000	National City Bank.
	Baldwin Locomotive Works.		
Apr. 8, 1910	First mortgage 5 per cent sinking fund 30-year gold bonds.	10,000,000	Brown Bros. & Co., Philadelphia.
	Baltimore & Ohio Railroad Co.		
Feb. 19, 1908	1-year 5 per cent gold notes	6,000,000	Speyer & Co.
Feb. 8, 1909	Pittsburgh, Lake Erie & West Virginia System 4 per cent refunding mortgage bonds.	13,100,000	Speyer & Co., and Alex. Brown & Sons, Baltimore.
Mar. 2, 1910	1-year 5 per cent notes	10,000,000	Speyer & Co.
May 4, 1910	3-year 4½ per cent secured notes	40,000,000	Do.
Feb. 11, 1911	.....do	10,000,000	Do.
Jan. 22, 1912	Equipment trust 4½ per cent gold certificates.	5,000,000	None.
	Bethlehem Steel Co.		
Apr. 22, 1912	First lien and refunding mortgage 5 per cent 30-year bonds.	15,200,000	Harvey Fisk & Sons, Hallgarten & Co., Wm. Salomon & Co.
	Central Pacific Railway Co.		
Jan. 30, 1908	First refunding mortgage 4 per cent bonds	2,500,000	Speyer & Co.
July 17, 1908	.....do	18,107,500	Do.
	Consolidation Coal Co.		
Nov. 3, 1910	First and refunding mortgage 5 per cent bonds.	9,000,000	Spencer Trask & Co., William Salomon & Co., Kissel, Kinnicutt & Co., Fidelity Trust Co., Baltimore, National City Bank, New York.
Apr. 27, 1911	.....do	2,500,000	National City Bank.
Feb. 29, 1912	.....do	1,500,000	Do.
	Chesapeake & Ohio Railway Co.		
Feb. 13, 1907	4½ per cent general mortgage gold bonds	1,000,000	J. P. Morgan & Co.
June 27, 1907	3-year 6 per cent notes dated July 1, 1907	5,000,000	J. P. Morgan & Co. and Blair & Co.
Apr. 24, 1908	First consolidated mortgage 5 per cent 50-year gold bonds.	2,000,000	Do.
Do.	6 per cent collateral notes due July 1, 1910	1,500,000	Do.
May 20, 1908	6 per cent collateral notes, due July 1, 1910	1,000,000	J. P. Morgan & Co.
Dec. 23, 1908	General funding and improvement 5 per cent 20-year gold bonds.	11,000,000	Do.
Mar. 21, 1910	4½ per cent 20-year convertible gold bonds	31,390,000	J. P. Morgan & Co. and National City Bank.
Aug. 30, 1910	General mortgage 4½ per cent bonds	1,591,000	Do.
Aug. 19, 1910	5 per cent equipment notes, series A	4,800,000	Do.
Nov. 4, 1910	First consolidated mortgage 5 per cent gold bonds.	2,000,000	Do.
Jan. 24, 1911	General mortgage 4½ per cent bonds	1,839,000	Do.
Apr. 20, 1911	3-year 4½ per cent secured gold notes, due June 1, 1914.	16,000,000	National City Bank.
Jan. 9, 1912	General mortgage 4½ per cent bonds	374,000	Do.
Mar. 7, 1912	4½ per cent secured gold notes, due June 1, 1914.	3,500,000	Do.
July 17, 1912	.....do	1,000,000	Do.
Oct. 18, 1912	.....do	1,000,000	Do.
	Chicago & Alton Railroad Co.		
Oct. 1, 1912	6 per cent 20-year general mortgage bonds	4,500,000	Union Pacific R. R. Co.; Jas. Stillman; estate of E. H. Harriman.
	Chicago, Milwaukee & Puget Sound Railway Co.		
Mar. 2, 1911	First-mortgage 4 per cent gold bonds	25,000,000	National City Bank.

STATEMENT B—Continued.

Date.	Name.	Total issue.	Associates.
	Chicago, Milwaukee & St. Paul Railway.		
June 16, 1909	4 per cent 25-year debenture bonds	$28,000,000	National City Bank.
Dec. 10, 1909	General mortgage 4 per cent bonds	25,000,000	Do.
Apr. 12, 1912	4½ per cent convertible gold bonds	34,893,500	National City Bank & United States Trust Co.
	Cincinnati, Hamilton & Dayton Railway.		
Oct. 15, 1909	First and refunding mortgage 4 per cent gold bonds.	7,500,000	Speyer & Co.
	Delaware & Hudson Co.		
May 22, 1907	Equipment first-lien 4½ per cent 15-year gold bonds.	10,000,000	First National Bank.
Jan. 28, 1908	6-months 4½ per cent collateral notes due Aug. 6, 1908.	8,000,000	Do.
July 10, 1908	First and refunding mortgage 4 per cent bonds.	13,309,000	Do.
Jan. 7, 1909	.....do.....	230,000	Do.
Dec. 24, 1909	.....do.....	7,165,000	Do.
Jan. 17, 1911	.....do.....	6,000,000	Do.
	Hocking Valley Railway Co.		
Mar. 30, 1910	First consolidated mortgage 4½ per cent bonds.	1,584,000	J. P. Morgan & Co. and National City Bank.
Oct. 20, 1911	2-year 4½ per cent gold notes	4,000,000	National City Bank.
	Norfolk Southern Railroad.		
Sept. 30, 1910	6 per cent collateral trust gold notes, dated Oct. 1, 1910.	4,360,000	Central Trust Co.
	First and refund mortgage 5 per cent bonds.	5,762,000	Do.
Jan. 11, 1912	3-year collateral trust notes	6,000,000	Do.
May 23, 1912	First and refund mortgage 5 per cent bonds.	544,000	Do.
	Norfolk & Western Railway Co.		
Jan. 18, 1909	Divisional first-lien and general mortgage 4 per cent gold bonds.	10,000,000	Guaranty Trust Co.
	Oregon-Washington R. R. & Navigation Co.		
May 26, 1911	First and refund mortgage 4 per cent bonds.	40,000,000	Foreign bankers.
	Pennsylvania Railroad Co.		
Apr. 22, 1908	Consolidated mortgage 40-year 4 per cent bonds.	40,000,000	Foreign bankers.
	Pittsburgh, Cincinnati, Chicago & St. Louis Railway Co.		
May 29, 1908	Consolidated mortgage 4 per cent gold bonds, series G.	6,000,000	Speyer & Co.
June 9, 1910	.....do.....	4,000,000	Speyer & Co. and Kissel, Kinnicutt & Co.
May 1, 1911	Consolidated mortgage 4 per cent gold bonds, series H.	3,000.000	Speyer & Co.
	St. Louis & San Francisco Railroad.		
Oct. 16, 1908	4½ per cent notes due Dec. 1, 1908	6,125,000	Hallgarten & Co.
	Southern Pacific Co.		
Feb. 23, 1909	4 per cent consolidated gold bonds	44,500,000	National City Bank.
	Southern Pacific Railroad Co.		
Jan. 11, 1907	First refunding mortgage 4 per cent gold bonds.	2,427,000	Speyer & Co.
Apr. 14, 1907			
Oct. 7, 1908	.....do.....	14,300,000	Do.
Jan. 5, 1909	.....do.....	4,000,000	National City Bank.
Jan. 11, 1909	.....do.....	6,000,000	Do.
	Union Pacific Railroad Co.		
Sept. 22, 1910	First lien and refunding 4 per cent bonds	7,500,000	Foreign bankers.

STATEMENT B—Continued.

Date.	Name.	Total issue.	Associates.
	Wabash Railroad Co.		
Mar. 28, 1910	4½ per cent gold notes extended to May 1, 1913.	$5,000,000	Blair & Co.
	Wheeling & Lake Erie Railroad.		
July 31, 1908	3-year 5 per cent notes, due Aug. 1, 1908.....	8,000,000	Blair & Co.
Sept. 1, 1908	6 per cent receivers' certificates.....	4,176,708	Do.
	Total.....	704,777,708	

STATEMENT B 2.

Date.	Name.	Total.	Associates.
	American Beet Sugar Co.		
Jan. 20, 1899	Preferred stock.....	$4,000,000	Spencer, Trask & Co.
Do.....	Common stock.....	2,400,000	Do.
	American Telephone & Telegraph Co.		
Feb. 13, 1906	4 per cent convertible gold bonds.....	100,000,000	J. P. Morgan & Co.; Kidder, Peabody & Co.; Baring Bros. & Co. (Ltd.), London.
	Atchison, Topeka & Santa Fe Railway.		
Dec. 10, 1897	Guarantee fund notes, refunding.....	10,200,000	Speyer & Co.; Guaranty Trust Co.
Oct. 29, 1898	General mortgage 4 per cent bonds.....	2,500,000	Do.
Apr. 6, 1899	.....do.....	3,000,000	Guaranty Trust Co.
	Baltimore & Ohio Railroad Co.		
Apr. 14, 1897	Preferred stock.....	[1] 148,000	Speyer & Co.; Speyer Bros., London.
June 21, 1898	Reorganization Syndicate.....	90,000,000	Do.
Oct. 4, 1898	Middle Division & Pittsburgh Junction 3½ per cent bonds.	4,000,000	Speyer & Co.
Sept. 27, 1898	Baltimore & Ohio preferred stock.....	[1] 164,500	Speyer & Co.; Speyer Bros., London.
Dec. 15, 1898	Baltimore & Ohio Southwestern, underwriting.	25,000,000	Do.
Feb. 1, 1900	Baltimore & Ohio first mortgage 4 per cent bonds.	8,634,000	Speyer & Co.
Apr. 10, 1900	Baltimore & Ohio common stock	[1] 64,000	Speyer & Co.; Speyer Bros., London.
Feb. 6, 1901	4 per cent convertible debenture bonds.....	15,000,000	Speyer & Co.; Speyer Bros. & Co.
Nov. 29, 1901	Baltimore & Ohio Pittsburgh, Lake Erie & West Virginia 4 per cent refunding bonds.	20,000,000	Speyer & Co.
Do.....	Underwriting offer of common stock to extent of.	13,000,000	Do.
Oct. 1, 1902	Baltimore & Ohio common stock, underwriting.	[1] 255,000	Do.
Oct. 30, 1903	3½ per cent prior-lien bonds.....	3,000,000	Do.
Do.....	First-mortgage 4 per cent bonds.....	5,000,000	Do.
Do.....	Southwestern Division 3½ per cent bonds....	1,600,000	Do.
Apr. 14, 1904	Baltimore & Ohio 2-year 4½ per cent notes....	10,000,000	Do.
Dec. 7, 1904	Baltimore & Ohio Pittsburgh, Lake Erie & West Virginia 4 per cent bonds.	7,000,000	Do.
	Central Pacific Railway Co.		
Mar. 2, 1903	First refund 4 per cent bonds.....	2,000,000	Speyer & Co.
Apr. 20, 1903	.....do.....	2,000,000	Do.
Nov. 19, 1903	.....do.....	5,027,000	Do.
Oct. 13, 1904	First refund mortgage 4 per cent bonds.....	6,000,000	Do.
Do.....	Central Pacific Through Short Line 4 per bonds.	8,300,000	Do.
June 26, 1905	First refund mortgage 4 per cent bonds.....	2,941,000	Do.
	Denver & Rio Grande Railroad Co.		
Feb. 10, 1898	7 per cent bond conversion.....	6,382,500	Speyer & Co.
Sept. 25, 1899	5 per cent improvement bonds.....	252,500	Do.

[1] Shares.

STATEMENT B 2—Continued.

Date.	Name.	Total.	Associates.
	Illinois Central Railroad Co.		
Mar. 14, 1897	First gold 3½ per cent bonds	$30,000,000	Vermilye & Co.
May 14, 1897	Springfield division 3½ per cent bonds	3,359,000	Do.
Nov. 29, 1904	Illinois Central purchased lines 3½ per cent bonds.	12,000,000	Speyer & Co.
	Kansas City Railway & Light Co.		
May 9, 1903	First lien refunding bonds	7,000,000	Blair & Co.
Do	5 per cent preferred stock	3,100,000	Do.
Do	Common stock	3,450,000	Do.
Dec. 7, 1904	3-year 5 per cent notes	3,000,000	Do.
	Oregon Railway & Navigation Co.		
Oct. 12, 1897	6 per cent bonds, conversion	5,390,000	Heidelbach, Ickelheimer & Co.
	Pennsylvania Railroad Co.		
May 27, 1899	Pittsburgh, Cincinnati, Chicago, & St. Louis consolidated mortgage 3½ per cent bonds.	8,263,000	Speyer & Co.
Feb. 10, 1900	Pennsylvania Car Trust certificates	5,000,000	Do.
May 22, 1900	do	3,350,000	Do.
Oct. 15, 1901	Pennsylvania Co. 3½ per cent guaranty gold bonds.	20,000,000	Do.
Jan. 31, 1902	Penna. Eq. Tr. 3½ per cent certificates	5,000,000	Do.
Do	Pittsburgh, Cincinnati, Chicago & St. Louis 3½ per cent bonds.	2,000,000	Do.
May 22, 1903	Pennsylvania R. R. stock, underwriting	75,000,000	Do.
Sept. 22, 1904	Pittsburgh, Cincinnati, Chicago & St. Louis consolidated mortgage 4 per cent bonds.	9,000,000	Do.
Mar. 29, 1905	Pennsylvania R. R. 3½ per cent conversion bonds due 1915, underwriting.	100,000,000	J. P. Morgan & Co.
Sept. 22, 1905	Pittsburgh, Cincinnati, Chicago & St. Louis 4 per cent consolidated mortgage bonds, series F.	1,000,000	Speyer & Co.
	Southern Pacific Co.		
May 19, 1903	2/5-year 4½ per cent bonds	5,000,000	Speyer & Co.
Jan. 19, 1904	do	8,000,000	Do.
Jan. 25, 1904	do	2,000,000	Do.
July 15, 1903	Southern Pacific of California first consolidated mortgage 5 per cent bonds.	1,000,000	Do.
	Southern Pacific Railroad Co.		
Feb. 3, 1905	First refunding mortgage 4 per cent bonds	75,000,000	Speyer & Co.
Sept. 24 to Oct. 18, 1906.	do	3,990,000	Do.
	St. Louis, Iron Mountain & Southern Railway Co.		
Feb. 10, 1897	First and second mortgage bond extension	10,000,000	Vermilye & Co.
	Grand total	321,289,000	

STATEMENT C.

Jointly with Blair & Co.:

July 30, 1907, $4,125,000 Kansas City Ry. & Light Co. 6 per cent convertible collateral gold notes, series A.

July 31, 1908, $8,000,000 Wheeling & Lake Erie 3-year 5 per cent gold notes.

Sept. 1, 1908, etc., $4,176,708 Wheeling & Lake Erie 6 per cent receiver's certificates.

Mar. 28, 1910, $5,000,000 Wabash R. R. 4½ per cent gold notes extension.

Jan. 2, 1912, $1,172,000 Wabash R. R. first refund and extension 4 per cent bonds. (There was an error of $11,500,000 in the statement as originally furnished.)

Jointly with Brown Bros. & Co., Philadelphia:

Apr. 8, 1910, $10,000,000 Baldwin Locomotive Works first-mortgage 5 per cent S. F. 30-year gold bonds.

Jointly with Central Trust Co.:

Sept. 30, 1910, $4,360,000 Norfolk Southern 6 per cent notes; $5,762,000 Norfolk Southern first and refund mortgage 5 per cent bonds.

Jan. 11, 1912, $6,000,000 Norfolk Southern 5 per cent notes; May 24 to Oct. 31, 1912, $597,000 Norfolk Southern first and refund mortgage 5 per cent bonds.

Jointly with First National Bank:
- May 22, 1907, $10,000,000 Delaware & Hudson equipment first lien 4½ per cent 15-year gold bonds.
- Jan. 28, 1908, $8,000,000 Delaware & Hudson 4½ per cent 6-month notes.
- July 10, 1908, $13,309,000 Delaware & Hudson first and refund mortgage fours.
- Jan. 7, 1909, $230,000 Delaware & Hudson first and refund mortgage fours.
- Dec. 24, 1909, $7,165,000 Delaware & Hudson first and refund mortgage fours.
- Jan. 17, 1911, $6,000,000 Delaware & Hudson first and refund mortgage fours.

Jointly with Guaranty Trust Co.:
- Jan. 18, 1909, $10,000,000 Norfolk & Western Division first lien and general mortgage fours.
- June 22, 1911, $1,000,000 Norfolk Terminal first mortgage 50-year fours.

Jointly with Hallgarten & Co.:
- May 15, 1911, $5,000,000 Union Oil Co. of California first lien 5 per cent sinking fund bonds.

Jointly with Harvey Fisk & Sons, Hallgarten & Co., and William Salomon & Co.:
- Apr. 22, 1912, $15,200,000 Bethlehem Steel Co. first lien and refund mortgage 5 per cent 30-year gold bonds.

Jointly with J. P. Morgan & Co.:
- Feb. 13, 1907, $1,000,000 Chesapeake & Ohio general mortgage 4½ per cent bonds.
- May 20, 1908, $1,000,000 Chesapeake & Ohio 6 per cent collateral notes.
- Dec. 23, 1908, $11,000,000 Chesapeake & Ohio general funding and improvement 5 per cent bonds.

Jointly with J. P. Morgan & Co. and Blair & Co.:
- June 27, 1907, $5,000,000 Chesapeake & Ohio 3-year 6 per cent notes.
- Apr. 24, 1908, $2,000,000 Chesapeake & Ohio first consolidated mortgage 5 per cent 50-year gold bonds.
- Apr. 24, 1908, $1,500,000 Chesapeake & Ohio 6 per cent collateral notes.

Transactions jointly with J. P. Morgan & Co. and Kidder, Peabody & Co., and foreign bankers:
- Feb. 13, 1906, $100,000,000 American Telegraph & Telephone Co. convertible fours.
- Jan. 8, 1907, $25,000,000 American Telegraph & Telephone Co. 3-year 5 per cent notes.
- Nov. 27, 1908, $50,000,000 American Telegraph & Telephone Co. convertible fours.

Jointly with J. P. Morgan & Co. and National City Bank:
- Mar. 21, 1910, $31,390,000 Chesapeake & Ohio 4½ per cent 20-year convertible bonds.
- Mar. 30, 1910, $1,584,000 Hocking Valley first consolidated mortgage 4½ per cent bonds.
- Aug. 30, 1910, $1,591,000 Chesapeake & Ohio general mortgage 4½ per cent bonds.
- Aug. 10, 1901, $4,800,000 Chesapeake & Ohio equipment corporation 5 per cent equipment notes, series A.
- Nov. 4, 1910, $2,000,000 Chesapeake & Ohio first consolidated mortgage 5 per cent gold bonds.
- Jan. 24, 1911, $1,839,000 Chesapeake & Ohio general mortgage 4½ per cent bonds.

Jointly with National City Bank:
- Jan. 5, 1909, etc., $10,000,000 Southern Pacific first refund mortgage 4 per cent gold bonds.
- May 24, 1909, $30,000,000 Armour & Co. real estate first mortgage 4½ per cent 30-year gold bonds.
- June 16, 1909, $28,000,000 Chicago, Milwaukee & St. Paul 25-year 4 per cent debentures.
- Dec. 10, 1909, $25,000,000 Chicago, Milwaukee & St. Paul general mortgage fours.
- June 1, 1910, $2,145,000 Chicago, Milwaukee & St. Paul 25-year 4 per cent debentures.
- Nov. 3, 1910, $9,000,000 Consolidation Coal Co. first and refund mortgage 5 per cent bonds.
- Mar. 2, 1911, $25,000,000 Chicago, Milwaukee & Puget Sound first mortgage fours.
- Apr. 20, 1911, $16,000,000 Chesapeake & Ohio 3-year 4½ per cent secured gold notes.
- Apr. 27, 1911, $2,500,000 Consolidation Coal Co. first and refund mortgage fives.
- Oct. 20, 1911, $4,000,000 Hocking Valley 2-year 4½ per cent gold notes.
- Jan. 9, 1912, $374,000 Chesapeake & Ohio general mortgage 4½ per cent bonds.
- Feb. 29, 1912, $1,500,000 Consolidation Coal Co. first and refund mortgage 5 per cent bonds.
- Mar. 7, 1912, $3,500,000 Chesapeake & Ohio 4½ per cent secured gold notes.
- July 17, 1912, $1,000,000 Chesapeake & Ohio 4½ per cent secured gold notes.
- Oct. 18, 1912, $1,000,000 Chesapeake & Ohio 4½ per cent secured gold notes.

(There was an error of $30 [illegible] the statement as originally furnished.)

Jointly with National City Bank and United States Trust Co.:
Apr. 12, 1912, $34,893,500 Chicago, Milwaukee & St. Paul 4½ per cent convertible gold bonds.
Jointly with Speyer & Co.:
Jan. 11, 1907, $2,427,000 Southern Pacific first refunding fours.
Jan. 30, 1908, $2,500,000 Central Pacific first refunding fours.
Feb. 19, 1908, $6,000,000 Baltimore & Ohio 1-year 5 per cent notes.
May 29, 1908, $6,000,000 Pittsburgh, Cincinnati, Chicago & St. Louis consolidated mortgage fours, series G.
July 17, 1908, $18,107,500 Central Pacific first refunding fours.
Oct. 7, 1908, $14,300,000 Southern Pacific first refunding fours.
Mar. 2, 1910, $10,000,000 Baltimore & Ohio 1-year 4 per cent notes.
May 4, 1910, $40,000,000 Baltimore & Ohio 3-year 4½ per cent notes.
June 9, 1910, $4,000,000 Pittsburgh, Cincinnati, Chicago & St. Louis consolidated mortgage fours, series G.
Feb. 11, 1911, $10,000,000 Baltimore & Ohio 3-year 4½ per cent notes.
May 1, 1911, $3,000,000 Pittsburgh, Cincinnati, Chicago & St. Louis consolidated mortgage fours, series H.
Jointly with Speyer & Co. and Alex. Brown & Sons (Baltimore).
Feb. 18, 1909, $13,100,000 Baltimore & Ohio, Pittsburgh, Lake Erie & West Virginia system 4 per cent refunding mortgage bonds.
Oct. 15, 1909, $7,500,000 Cincinnati, Hamilton & Dayton first refunding fours.
Jointly with Union Pacific R. R. Co., James Stillman, and estate of E. H. Harriman:
Oct. 1, 1912, $4,500,000 Chicago & Alton R. R. Co. 20-year 6 per cent general mortgage bonds.

STATEMENT D.

QUESTION No. 2.—*Further information wanted.*

Company.	Director.
Baltimore & Ohio R. R. Co	P. M. Warburg.
Galveston, Harrisburg & San Antonio Ry. Co	M. L. Schiff.
Oregon-Washington R. R. & Navigation Co	J. H. Schiff, O. H. Kahn, M. L. Schiff
Southern Pacific Co	O. H. Kahn, M. L. Schiff.
Union Pacific R. R. Co	Do.
Westinghouse Electric & Manufacturing Co	P. M. Warburg.

BANKS AND TRUST COMPANIES.

Central Trust Co. of New York	J. H. Schiff.
Equitable Trust Co. of New York	O. H. Kahn.
Fidelity Bank	M. L. Schiff.
Fourth National Bank	Do.
National Bank of Commerce in New York	P. M. Warburg.
National City Bank	J. H. Schiff.
Title Guarantee & Trust Co	P. M. Warburg.
United States Mortgage & Trust Co	M. L. Schiff, P. M. Warburg.

STATEMENT E.

Sold to Equitable Life Assurance Society, New York:
Feb. 19, 1907, $2,500,000 Pennsylvania R. R. Co. 3-year 5 per cent secured notes.
May 23, 1907, $1,000,000 Delaware & Hudson Co. equipment lien 4½ per cent bonds.
Oct. 13, 1908, $500,000 Southern Pacific R. R. first refund mortgage 4 per cent bonds.
Jan. 17, 1907, $1,250,000 Chicago & Alton R. R. Co. 5 per cent 5-year gold notes.
Apr., 1908, $50,000 Pennsylvania R. R. consolidated mortgage 40-year 4 per cent bonds.
Nov. 16, 1908, $1,000,000 Illinois Central R. R. Co. refund mortgage 4 per cent gold bonds.
June 9, 1908, $2,000,000 Union Pacific R. R. first lien and refund mortgage 4 per cent bonds.
Jan. 8, 1909, $2,000,000 Chicago & Alton R. R. refund mortgage 3 per cent bonds.
Jan. 22, 1909, $500,000 Norfolk & Western Ry. Co. Div. first lien and general mortgage 4 per cent bonds.

Sold to Equitable Life Assurance Society, New York—Continued.
Dec. 24, 1908, $500,000 Chesapeake & Ohio Ry. general funding and improvement mortgage 5 per cent bonds.
May 10, 1909, $500,000 Oregon R. R. & Navigation Co. consolidated mortgage 4 per cent bonds.
Dec. 14, 1909, $1,000,000 Chicago, Milwaukee & St. Paul general mortgage 4 per cent bonds.
Mar. 9, 1910, $500,000 Union Pacific R. R. first lien and refund mortgage 4 per cent bonds.
June 24, 1910, $500,000 Southern Pacific Co. San Francisco terminal first mortgage 4 per cent bonds.
Feb. 3, 1910, $500,000 Southern Pacific Co. San Francisco terminal first mortgage 4 per cent bonds.
Jan. 24, 1911, $400,000 Galveston, Harrisburgh & San Antonio, Mexico & Pacific 5 per cent bonds.
June 13, 1911, $1,000,000 Illinois Central R. R. refund mortgage 4 per cent bonds.
May 26, 1911, $500,000 Oregon-Washington R. R. & Navigation Co. first and refund mortgage 4 per cent bonds.
Sept. 17, 1912, $500,000 Chicago & Eastern Illinois R. R. Co. 5 per cent equipment certificates.
Sept. 24, 1912, $250,000 Pennsylvania general freight equipment trust 4 per cent certificates.
Feb. 21, 1912, £200,000 City of Tokyo (Japan) 5 per cent bonds.

Sold to Metropolitan Life Insurance Co.:
Feb. 21, 1912, $500,000 Chicago & Eastern Illinois P. M. first lien 5 per cent coal bonds.
Sept. 17, 1912, $500,000 Chicago & Eastern Illinois R. R. Co. 5 per cent equipment certificates.

Sold to Mutual Benefit Life Insurance Co.:
Oct. 15, 1908, $100,000 Southern Pacific R. R. Co. first refunding mortgage 4 per cent gold bonds.

Sold to Mutual Life Insurance Co., New York:
Feb. 13, 1907, $750,000 Chesapeake & Ohio general 4½ per cent bonds.
May 23, 1907, $2,500,000 Delaware & Hudson Co. equipment first lien 4½ per cent bonds.
May 31, 1907, $500,000 New York, Ontario & Western Ry. general mortgage 4 per cent bonds.
May 22, 1908, $200,000 Utah & Northern Ry. Co. extended 4 per cent bonds.
June 19, 1908, $500,000 Utah & Northern Ry. Co. extended 4 per cent bonds.
Jan. 16, 1907, $2,000,000 Chicago & Alton R. R. Co. 5 per cent five-year gold notes.
Apr., 1908, $100,000 Pennsylvania R. R. consolidated mortgage 40-year 4 per cent bonds.
July 25, 1908, $1,000,000 Central Pacific Ry. Co. first refund mortgage 4 per cent gold bonds.
Nov. 16, 1908, $2,000,000 Illinois Central R. R. Co. refund mortgage 4 per cent gold bonds.
June 9, 1908, $2,000,000 Union Pacific R. R. first lien and refund mortgage 4 per cent bonds.
Jan. 8, 1909, $2,000,000 Chicago & Alton R. R. refund mortgage 3 per cent bonds.
Jan. 25, 1909, $250,000 Norfolk & Western Ry. Co. divisional first lien and general mortgage 4 per cent bonds.
Apr. 1, 1909, $250,000 Norfolk & Western Ry. Co. divisional first lien and general mortgage 4 per cent bonds.
Jan. 22, 1909, $1,000,000 Chicago & North Western Ry. general mortgage 3½ per cent bonds.
Dec. 24, 1908, $500,000 Chesapeake & Ohio Ry. general funding and improvement mortgage 5 per cent bonds.
May 26, 1909, $1,000,000 Armour & Co. real estate first mortgage 2½ per cent bonds.
Dec. 13, 1909, $1,000,000 Chicago, Milwaukee & St. Paul general mortgage 4 per cent bonds.
June 13, 1910, $1,000,000 Pittsburgh, Cincinnati, Chicago & St. Louis consolidated mortgage 4 per cent bonds, series G.
June 24, 1910, $1,000,000 Southern Pacific Co. San Francisco terminal first mortgage 4 per cent bonds.
Jan. 23, 1911, $250,000 Galveston, Harrisburg & San Antonio, Mexican & Pacific 5 per cent bonds.

Sold to Mutual Life Insurance Co., New York—Continued.
Mar. 15, 1911, $1,000,000 Chicago, Milwaukee & Puget Sound Ry. first mortgage 4 per cent bonds.
May 1, 1911, $1,000,000 Chicago, Milwaukee & Puget Sound Ry. first mortgage 4 per cent bonds.
Nov. 20, 1911, $500,000 Chicago, Milwaukee & Puget Sound Ry. first mortgage 4 per cent bonds.
Jan. 22, 1912, $1,500,000 Chicago, Milwaukee & Puget Sound Ry. first mortgage 4 per cent bonds.
Jan. 30, 1911, $500,000 Chesapeake & Ohio Ry. general mortgage 4½ per cent bonds.
June 19, 1911, $500,000 Illinois Central R. R. refund mortgage 4 per cent bonds.
May 26, 1911, $1,000,000 Oregon-Washington R. R. & Navigation Co. first and refund mortgage 4 per cent bonds.
July 13, 1911, $1,000,000 Oregon-Washington R. R. & Navigation Co. first and refund 4 per cent bonds.
Nov. 22, 1911, $3,000,000 Oregon-Washington R. R. & Navigation Co. first and refund mortgage 4 per cent bonds.
Feb. 7, 1912, $1,000,000 Milwaukee, Sparta & North Western Ry. first mortgage 4 per cent bonds.
Apr. 17, 1912, $150,000 Milwaukee, Sparta & North Western Ry. first mortgage 4 per cent bonds.
Sept. 23, 1912, $500,000 Pennsylvania general freight equipment trust 4 per cent certificates.
Sold to New York Life Insurance Co.:
May 31, 1907, $809,000 New York, Ontario & Western Ry. general mortgage 4 per cent bonds.
July 23, 1908, $450,000 Central Pacific Ry. Co. first refund 4 per cent bonds.
Apr., 1908, $50,000 Pennsylvania R. R. consolidated mortgage 40-year 4 per cent bonds.
July 23, 1908, $450,000 Central Pacific Ry. Co. first mortgage refund 4 per cent bonds.
Nov. 16, 1908, $1,000,000 Illinois Central R. R. Co. refund mortgage 4 per cent gold bonds.
Sold to Northwestern Mutual Life Insurance Co., Milwaukee:
Mar. 9, 1911, $500,000 Chicago, Milwaukee & Puget Sound Railway first mortgage 4 per cent bonds.
Apr. 27, 1911, $500,000 Chicago & North Western general mortgage 4 per cent bonds.
June 17, 1911, $500,000 Illinois Central Railroad refunding mortgage 4 per cent bonds.
Sold to Pennsylvania Co. for insurances on lives and granting annuities:
Jan. 25, 1909, $100,000 Chicago & North Western general mortgage 3½ per cent bonds.
Jan. 25, 1912, $70,000 Baltimore & Ohio 4½ per cent equipment trust certificates.
Sold to Prudential Insurance Co. of America:
June 2, 1908, $500,000 Pittsburgh, Cincinnati, Chicago & St. Louis Ry. Co. consolidated mortgage 4 per cent bonds.
Dec. 14, 1909, $500,000 Chicago, Milwaukee & St. Paul general mortgage 4 per cent bonds.
Dec., 1909, $250,000 Delaware & Hudson Co. first refund mortgage 4 per cent bonds.

STATEMENT F.

Face value of bonds and notes sold to insurance companies.

1907.

Equitable Life Assurance Society	$4,750,000
Mutual Life Insurance Co	5,750,000
New York Life Insurance Co	809,000
	11,309,000

1908.

Equitable Life Assurance Society	4,050,000
Mutual Life Insurance Co	6,300,000
Mutual Benefit Life Insurance Co	100,000
New York Life Insurance Co	1,950,000
Prudential Life Insurance Co. of America	500,000
	12,900,000

1909.

Prudential Life Insurance Co. of America	750,000
Equitable Life Assurance Society	4,000,000
Mutual Life Insurance Co	5,500,000
Pennsylvania Co. for Insurances on Lives and Granting Annuities	100,000
	10,350,000

1910.

Equitable Life Assurance Society	1,500,000
Mutual Life Insurance Co	2,000,000
	3,500,000

1911.

Equitable Life Assurance Society	1,900,000
Mutual Life Insurance Co	8,750,000
North Western Mutual Life Insurance Co. of Milwaukee	1,500,000
	12,150,000

1912.

Metropolitan Life Insurance Co	1,000,000
Equitable Life Assurance Society	1,750,000
Mutual Life Insurance Co	3,150,000
Pennsylvania Co. for Insurances on Lives and Granting Annuities	70,000
	5,970,000

STATEMENT G.

Resources.

[As per Poor's Manual for 1912.]

	Year ending—	Amount.
American Telephone & Telegraph Co	Dec. 31, 1911	$565,523,189.00
Armour & Co	Nov. 4, 1911	139,898,713.00
Associated Simmons Hardware Cos	Dec. 31, 1911	13,382,447.00
Baldwin Locomotive Works	....do	53,865,090.00
Baltimore & Ohio R. R. Co	June 30, 1911	605,403,435.53
Bethlehem Steel Corporation	Dec. 31, 1911	75,077,255.00
Central Pacific Ry. Co	June 30, 1911	271,192,944.98
Chesapeake & Ohio Ry. Co	....do	241,132,298.26
Chicago & Alton R. R. Co	....do	125,705,962.84
Chicago & Eastern Illinois R. R. Co	....do	76,391,382.77
Chicago & North Western Ry. Co	....do	383,026,312.74
Chicago, Milwaukee & Puget Sound Ry. Co	....do	279,027,765.75
Chicago, Milwaukee & St. Paul Ry. Co	....do	527,782,412.30
Chicago, St. Paul, Minneapolis & Omaha Ry. Co	....do	74,164,488.67
Cincinnati, Hamilton & Dayton Ry. Co	....do	105,385,201.68
Consolidation Coal Co	Dec. 31, 1911	59,086,468.84
Delaware & Hudson Co	....do	127,198,620.93
Galveston, Harrisburg & San Antonio Ry. Co	June 30, 1911	77,441,828.43
Hocking Valley Ry. Co	....do	46,247,391.97
Illinois Central R. R. Co	....do	330,139,534.04
Missouri Pacific Ry. Co	....do	318,907,459.58
New York, New Haven & Hartford R. R. Co	June 30, 1911	492,118,175.51
New York, Ontario & Western Ry. Co	....do	96,599,187.34
Norfolk & Western Ry. Co	....do	227,817,700.87
Norfolk Southern R. R. Co	....do	28,672,021.20
Oregon-Washington R. R. & Navigation Co	Sept. 30, 1911	133,089,606.69
Pennsylvania R. R. Co	Dec. 31, 1911	869,643,066.78
Pittsburgh, Cincinnati, Chicago & St. Louis Ry. Co	....do	154,039,683.07
St. Louis & San Francisco R. R. Co	June 30, 1911	356,668,565.84
St. Louis Southwestern Ry. Co	....do	106,783,719.92
Southern Pacific Co	....do	603,666,555.81
Southern Pacific R. R. Co	....do	328,411,863.45
Union Pacific R. R. Co	....do	869,447,568.09
Utah & Northern Ry. Co. (merged with Oregon Short Line R. R.).		
Wabash R. R. Co	....do	233,132,945.45
Westinghouse Electric & Manufacturing Co	Mar. 31, 1912	82,620,654.00
Wheeling & Lake Erie R. R. Co	June 30, 1911	75,274,713.23
Wheeling & Lake Erie R. R. Co., receivers	....do	9,046,303.92

VOTING TRUST AGREEMENT.

[Dated June 22, 1898.]

Speyer & Co., Kuhn, Loeb & Co., and Speyer Bros., with William Salomon, Abraham Wolff, J. Kennedy Tod, Louis Fitzgerald, and Charles H. Coster.

An agreement made this 22d day of June, 1898, between Speyer & Co. and Kuhn, Loeb & Co., of New York, and Speyer Bros., of London (hereinafter called the "Managers"), as reorganization managers under a certain plan and agreement for the reorganization of the Baltimore & Ohio Railroad Co., dated the 22d day of June, 1898, parties of the first part, and William Salomon, Abraham Wolff, J. Kennedy Tod, Louis Fitzgerald, and Charles H. Coster (hereinafter called the "Voting trustees"), parties of the second part;

Whereas, pursuant to the terms and conditions of the said plan and agreement for reorganization and in order to promote and protect the value of the new securities and to secure a satisfactory management of the property for a period of years, the Managers have delivered to the voting trustees certificates for fully paid shares of $100 each of the capital stock of the Baltimore & Ohio Railroad Co., as follows, namely, 400,000 shares of the preferred stock and 349,702.36 shares of the common stock, which certificates, together with such other similar certificates as hereafter from time to time may be delivered hereunder, are to be held and disposed of by the Voting Trustees under and pursuant to the terms and conditions hereof: Now, therefore,

First. The Voting Trustees do hereby promise and agree to and with the Managers, and to and with each and every holder of any certificate issued hereunder as hereinafter provided, that from time to time upon request they will cause to be issued to the Managers, or upon their order, in respect of all stock received by them hereunder, certificates in substantially the following form:

THE BALTIMORE & OHIO RAILROAD CO.

Preferred stock trust certificate.

This is to certify that on the 1st day of March, 1904, ... will be entitled to receive a certificate or certificates for 100 fully paid shares of $100 each in the preferred capital stock of the Baltimore & Ohio Railroad Co., and in the meantime to receive payments equal to the dividends, if any, collected by the undersigned Voting Trustees upon a like number of such shares standing in their names; and until after the actual delivery of such certificates the Voting Trustees shall possess and shall be entitled to exercise all rights of every name and nature, including the right to vote in respect of any and all such stock, it being expressly stipulated that no voting right passes by or under this certificate, or by or under any agreement express or implied.

This certificate is issued under and pursuant to the terms and conditions of a certain agreement dated June 22, 1898, by and between Speyer & Co. and Kuhn, Loeb & Co., of New York, and Speyer Bros., of London, as reorganization managers, and the undersigned Voting Trustees.

No stock certificate shall be due or deliverable hereunder until the 1st day of March, 1904, but the Voting Trustees, in their discretion, may make earlier delivery.

This certificate is transferable only on the books of the Voting Trustees by the registered holder, either in person or by attorney duly authorized, according to rules established for that purpose by the Voting Trustees, and on surrender hereof, and until so transferred, The Voting Trustees may treat the registered holder as owner hereof for all purposes whatsoever, except that delivery of stock certificates hereunder shall not be made without the surrender hereof.

This certificate is not valid unless duly signed on behalf of the Voting Trustees by Speyer & Co., as agents, and also registered by the Mercantile Trust Co. of New York, as registrar.

In witness whereof, the said Voting Trustees have caused this certificate to be signed by Speyer & Co., their duly authorized agents, this———day of— —, 189—.

WILLIAM SALOMON,
ABRAHAM WOLFF,
J. KENNEDY TOD,
LOUIS FITZGERALD,
CHARLES H. COSTER,
Voting Trustees, by Their Agents hereunder.

Registered this———day of———, 189—.

THE MERCANTILE TRUST CO., *Registrar.*
By ——— ———.

THE BALTIMORE & OHIO RAILROAD CO.

Common stock trust certificate.

This is to certify, that on the 1st day of March, 1904, ... will be entitled to receive a certificate or certificates for 100 fully paid shares of $100 each in the common capital stock of the Baltimore & Ohio Railroad Co., and in the meantime to receive payments equal to the dividends, if any, collected by the undersigned Voting Trustees upon a like number of such shares standing in their names; and until after the actual delivery of such certificates the Voting Trustees shall possess and shall be entitled to exercise all rights of every name and nature, including the right to vote in respect of any and all such stock, it being expressly stipulated that no voting right passes by or under this certificate or by or under any agreement, express or implied.

This certificate is issued under and pursuant to the terms and conditions of a certain agreement dated June 22, 1898, by and between Speyer & Co., and Kuhn, Loeb & Co., of New York, and Speyer Bros., of London, as reorganization managers, and the undersigned Voting Trustees.

No stock certificate shall be due or deliverable hereunder until the 1st day of March, 1904, but the Voting Trustees, in their discretion may make earlier delivery.

This certificate is transferable only on the books of the Voting Trustees by the registered holder either in person or by attorney duly authorized, according to the rules established for that purpose by the Voting Trustees, and on surrender hereof, and until so transferred, the Voting Trustees may treat the registered holder as owner hereof for all purposes whatsoever, except that delivery of stock certificates hereunder shall not be made without the surrender hereof.

This certificate is not valid unless duly signed on behalf of the Voting Trustees by Kuhn, Loeb & Co., as agents, and also registered by the Mercantile Trust Co., of New York, as registrar.

In witness whereof, the said Voting Trustees have caused this certificate to be signed by Kuhn, Loeb & Co., their duly authorized agents, this .....day of....., 189...

WILLIAM SALOMON,
ABRAHAM WOLFF,
J. KENNEDY TOD,
LOUIS FITZGERALD,
CHARLES H. COSTER,
Voting Trustees, by Their Agents hereunder.

Registered this ——— day of ———, 189—

THE MERCANTILE TRUST CO., *Registrar.*

By ——— ———.

Second. On the 1st day of March, 1904, and upon surrender of any stock trust certificate then outstanding, the voting trustees will, in accordance with the terms hereof, deliver therefor corresponding proper certificates of stock of the Baltimore & Ohio Railroad Co., such deliveries to be made only out of and from such certificates of stock heretofore or hereafter received by the voting trustees under the provisions of this agreement and upon payment of any lawful tax upon the transfer or delivery of such certificates. It is, however, distinctly understood and agreed that at any earlier date the voting trustees may call upon the holders of stock trust certificates to exchange them for certificates of capital stock, and at and after the date to be specified in any such call they shall deliver stock certificates in exchange therefor.

Third. From time to time hereafter the voting trustees may receive from the managers or from other parties, certificates for any additional fully paid stock, duly authorized, of the Baltimore & Ohio Railroad Co., either preferred or common, and, in respect for all such certificates of stock so received, will issue and deliver to the party delivering such stock certificates, stock trust certificates similar to those above mentioned, entitling the holders to all rights above specified. All certificates for such stock received by the voting trustees hereunder shall be deposited with a trust company in the city of New York, to be selected by them as depositary, and the voting trustees shall not be liable for any loss of said certificates or any of them by such depositary.

Fourth. Any voting trustee may at any time resign by delivering to the other voting trustees in writing his resignation to take effect 10 days thereafter; and, in every case of death or resignation or of the inability of any voting trustee to act, the vacancy so occurring shall be filled as follows:

The successor or successors from time to time of William Salomon shall be appointed by Speyer & Co.; the successor or successors from time to time of Abraham Wolff shall be appointed by Kuhn, Loeb & Co.; the successor or successors from time to time of J. Kennedy Tod shall be appointed by Speyer Bros., of London; the successor or successors from time to time of Louis Fitzgerald shall be appointed by the Mercantile Trust Co. of the city of New York, and the successor or successors from time to time of Charles H. Coster shall be appointed by J. P. Morgan & Co., of New York; and such appointment shall in every case be confirmed by the other voting trustees by written instrument; and the term "voting trustee," as herein used, shall apply to the parties of the second part and their successors hereunder.

Fifth. All action to be taken by or questions arising between the voting trustees from time to time shall be determined by the decision of the majority of those then acting as voting trustees (except where their unanimous approval is expressly required by the terms of this agreement), either at a meeting or by writing with or without meeting, and in like manner they may establish their rules of action; but they will not, nor will any of them, consent that any mortgage additional to the prior lien and first mortgages authorized by the said plan and agreement of reorganization, dated June 22, 1898, shall hereafter be put upon the property to be acquired by the Baltimore & Ohio Railroad Co. under said plan or that the amount of the preferred stock authorized under the plan shall be increased, except after they shall have in each instance obtained the consent of the holders of a majority of the whole amount of preferred stock trust certificates outstanding, given at a meeting of such certificate holders called for that purpose, and also the consent of the holders of a majority of such part of the common stock trust certificates as shall be represented at such meeting, the holders of each class of stock trust certificates voting separately. Meetings of the holders of stock trust certificates shall be called by notice published at least twice a week for four successive weeks in two daily newspapers of general circulation in the cities of Baltimore and New York, respectively.

Sixth. In voting the stock held by them, the voting trustees will exercise their best judgment from time to time to select suitable directors to the end that, in accordance with the purposes first above set forth, the affairs of the company shall be properly managed, and in voting on other matters which may come before them at any stockholders' meeting they will exercise like judgment, but they assume no responsibility in respect to such management or in respect of any action taken pursuant to their votes so cast, it being further understood that no voting trustee incurs any responsibility for the act or omission of any agent hereunder, nor by reason of any error of law or any matter or thing done or omitted under this agreement except for his own individual malfeasance. Any voting trustee shall be eligible for election as a director of the company.

Seventh. This agreement may be simultaneously executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute but one and the same instrument. Any voting trustee hereunder may vote in person or by proxy to any other person, whether or not a voting trustee, and a proxy in writing signed by any three of the voting trustees shall be sufficient authority to the person named therein to vote at any meeting of the stockholders of the company unless objection thereto be made at or before such meeting by either of the other voting trustees. In case such objections be made such proxy shall not be deemed sufficient authority unless it shall appear that the same was executed by direction of a majority of the voting trustees as provided in paragraph fifth hereof.

In witness whereof, the several parties have caused this agreement to be dated the day and year first above written, and have hereunto set their hands and seals the ——— day of May, 1899.

SYNDICATE AGREEMENT.

[Dated May 14, 1907.]

Union Pacific Railroad Co. 4 per cent 20-year convertible gold bonds.

Agrement, dated the 14th day of May, 1907, by and between Kuhn, Loeb & Co. (hereinafter called the syndicate managers), parties of the first part, and the syndicate subscribers hereto, severally (of whom each is hereinafter termed a subscriber, and all of whom constitute the syndicate), parties of the second part.

Whereas the Union Pacific Railroad Co., hereinafter called the railroad company, contemplates offering for subscription, at 90 per cent of the face value (with an adjustment of interest), to the holders of its common and preferred shares, pro rata according to their respective holdings, such an amount of its proposed issue of $75,000,000 of 4 per cent 20-year convertible gold bonds as will be divisible among said shareholders at the rate of one bond of the face value of $1,000 for each 40 shares of stock; and the syndicate managers have entered into an agreement with said railroad company to form a syndicate to purchase so many of said bonds so offered to the shareholders as shall not be subscribed for by the shareholders under the offer of subscription to be made by the railroad company, at the price and on the terms of said offer of subscription (less a commission to the syndicate of 2 per cent upon the face value of said bonds so offered, which is exclusive of the commission to be paid by the railroad company to the syndicate managers), in accordance with the terms of the letter of the president of the said railroad company dated May 9, 1907, a copy of which is hereto annexed and marked Exhibit A; and

Whereas the parties hereto desire to form a syndicate to purchase such of said bonds as shall not be subscribed for by said shareholders and for the other purposes herein set forth;

Now, this agreement witnesseth that in consideration of the premises and of their mutual promises, the parties hereto agree, and the subscribers severally agree with each other and with the syndicate managers as follows:

First. The subscribers hereby form a syndicate for the purpose of purchasing said bonds upon the terms provided in said agreement; and the said managers grant and allot to the respective subscribers participation in said purchase as hereinafter provided. The syndicate shall from time to time pay for the said bonds upon call of the syndicate managers, without reference to the receipt or possession by the syndicate managers or by the subscribers, of any of the said bonds, and in all respects shall execute and carry out the undertakings in said agreement expressed. Each subscriber signing this agreement, or any counterpart thereof, shall set opposite his name the amount of his subscription to the syndicate, and each subscriber shall be called upon to pay and be liable for only such aggregate amount as shall bear to the whole

obligation of the syndicate when fully determined, the same ratio or proportion that his subscription bears to the aggregate syndicate obligation.

Second. The subscribers nominate and appoint the syndicate managers their agents and attorneys, with full power and authority to do any and all acts and enter into and execute any and all agreements or other instruments necessary, proper, or expedient in the premises to carry out and perform this agreement according to its true intent and meaning, including the purchase and resale from time to time for the account of the syndicate of any of said bonds or of the certificates or receipts hereinafter mentioned, which may have been sold for account of the syndicate, and, generally, such dealings and transactions in bonds of said issue and in certificates and receipts and in stockholders' rights to subscribe for said bonds as they may deem best for the interest of the syndicate.

Third. The syndicate shall continue in force and operation until September 16, 1907, unless sooner terminated by the syndicate managers upon notice to the subscribers.

Fourth. The subscribers shall pay their respective subscriptions on the call of the syndicate managers, and the syndicate managers will, so far as practicable, distribute among the subscribers the bonds of the railroad company called for by their respective subscriptions, when such bonds shall be received by the syndicate managers. The subscribers, however, may be required to take, in the first instance, such temporary certificates, exchangeable for bonds when engraved, or such receipts for payments on account of the purchase price of bonds, as the railroad company may issue. All such bonds, certificates, or receipts so acquired by subscribers shall, until the termination of the syndicate, be held by the subscribers subject to the control of the syndicate managers, to be returned to them upon demand, or upon their order, for sale on syndicate account. Any subscriber may, with the written consent of the syndicate managers, and on such terms as they may deem expedient, withdraw from sale any of the bonds, certificates, or receipts which such subscriber may receive from the syndicate managers. No subscriber who shall withdraw bonds, certificates, or receipts from sale as hereinbefore provided shall, prior to the termination of the syndicate, sell any of such bonds, certificates, or receipts, or offer them for sale, or enter into any agreement contemplating their sale after the termination of the syndicate. Any of said bonds, certificates, or receipts acquired by the syndicate hereunder may from time to time be sold by the syndicate managers on behalf of the syndicate at public or private sale, at such prices as the syndicate managers shall deem proper or advisable; and any bonds, certificates, or receipts which the syndicate managers shall purchase for account of the syndicate after having been sold, may be resold likewise for account of the syndicate, at such prices as the syndicate managers shall deem proper or advisable.

Fifth. The syndicate managers shall have the sole direction and management of the syndicate. They may, in their absolute discretion, settle the form of the bonds and certificates or receipts, and of any agreements or instruments of any character to be executed and delivered by the railroad company, notwithstanding that such bonds certificates, receipts, agreements, or other instruments vary in terms or in character from the provisions therefor set out in said letter of the president of the railroad company. The enumeration of particular or specific powers in this agreement shall not be construed as in any way limiting or abridging the general powers or discretion intended to be conferred upon and reserved to the syndicate managers in order to authorize them to do any and all things proper, necessary, or expedient in their discretion to carry out the purposes of this agreement. They shall be under no responsibility in respect of the form or validity of the bonds, certificates, receipts, agreements, or other instruments executed by the railroad company, nor for the delivery of bonds by the railroad company in exchange for certificates or receipts, nor for the performance by the railroad company of any agreement on its part, nor shall they be liable under any of the provisions of this agreement, or in or for any matter connected therewith, except for want of good faith and the failure to exercise reasonable diligence. The syndicate managers shall retain for their own use the commission of one-half of 1 per cent (or in case the stockholders of the railroad company should fail to confer the necessary authority to consummate the plan, one-quarter of 1 per cent) which they are entitled to receive from the railroad company, over and above the syndicate commission of 2 per cent (or one-half of 1 per cent, as the case may be). The syndicate managers shall also be entitled to reimburse themselves from the proceeds of the sale of said bonds for any commissions, brokerages, and other expenses which may be incurred in marketing said bonds or otherwise in the management of the syndicate, in so far as the syndicate managers shall not be reimbursed in respect thereof by the railroad company. The net profits of the syndicate, including the said syndicate commission of 2 per cent, shall be divided among the subscribers pro rata in the proportion that the

several subscriptions hereto shall bear to the aggregate syndicate subscription, proper allowance being made, in the discretion of the syndicate managers, for any bonds withdrawn from sale; and the losses of the syndicate shall be borne by the syndicate subscribers in like proportion.

Sixth. Each subscriber hereby assents to, and agrees to be bound by, any action of the syndicate managers taken under this agreement, and agrees to perform all his undertakings hereunder from time to time on call of the syndicate managers to the full extent of the amount set opposite his subscription, but shall be liable hereunder solely to the syndicate managers and their assigns, and only to the extent of his individual participation in the syndicate: *Provided, however*, that the syndicate managers may deliver to the railroad company a copy of this agreement having annexed thereto a list of the subscribers with their addresses and the amounts of their subscriptions, respectively, and thereupon and upon the approval thereof by the railroad company, the subscribers, severally and respectively, but not jointly, and no one for any other, shall become responsible to the extent of their several subscriptions for the purchase of said bonds from the railroad company. Each and every party hereto will, upon reasonable request, execute and deliver all further writings which may be necessary or proper to carry this agreement into effect. Failure of any subscriber to perform any of his undertakings hereunder shall not affect or release any other subscriber. The syndicate managers may in their discretion, by written consent, release any subscriber. In case any subscriber shall fail to perform any of his undertakings hereunder, or shall be released by the syndicate managers, other subscribers may be received to take the share of the subscriber so failing to perform his undertakings or so released. Upon failure of any subscriber to perform any of his undertakings hereunder the syndicate managers shall have the right at their option to exclude such subscriber from further interest and participation in the syndicate and to declare forfeited to the syndicate any payments he may have made and to hold him liable for all damages caused by his failure. Nothing contained in this agreement or otherwise shall constitute the subscribers partners with the syndicate managers, or with one another, or render them liable to contribute more than their ratable amount as aforesaid, nor render the syndicate managers liable for the subscription of any subscriber. The syndicate managers may, however, be subscribers to the syndicate, and to the extent of any such subscription or reservation by them, shall participate in the profits and losses of the syndicate to the same extent as other subscribers.

Seventh. Books shall be kept by the syndicate managers, in which shall be recorded the addresses of such of the subscribers as shall furnish the same. Any notice hereunder from the syndicate managers to subscribers, or any of them, shall be deemed to have been duly given if mailed to subscribers, directed to the addresses so furnished. The syndicate managers shall be under no obligation to ascertain the address of any party to whom notice shall have been so directed.

Eighth. This agreement shall bind and benefit (ratably according to the amount of the several subscriptions) not only the parties hereto, but their respective successors, survivors, assigns, and personal representatives. An original hereof shall be signed by the syndicate managers and retained by them, but counterparts may be signed by subscribers, and all shall be taken and deemed to be one original instrument.

In witness whereof the syndicate managers, parties of the first part hereto, have subscribed an original hereof, and the subscribers, parties of the second part hereto, have subscribed said original or a counterpart thereof, as of the day and the year first above written.

Name.	Address.	Amount of subscription.

EXHIBIT A.

UNION PACIFIC RAILROAD CO.,
120 Broadway, New York, May 9, 1907.

Messrs. KUHN, LOEB & Co.,
New York.

DEAR SIRS: The Union Pacific Railroad Co. has decided to issue $75,000,000 of 4 per cent 20-year convertible gold bonds of $1,000 each, convertible (unless redeemed), at the option of the holder, into common stock of the company at $175 per share, on or at any time before July 1, 1917, and redeemable, at the option of the company, on July 1, 1912, or on any semiannual interest day thereafter, at a premium of 2½ per cent, upon 90 days' notice, in which case the privilege of conversion (if the same shall not have expired) shall terminate 30 days before the redemption date. The said bonds are to bear interest from July 1, 1907, payable semiannually, and are to mature July 1, 1927.

Said issue of bonds, or such proportion thereof as will be divisible among the stockholders at the rate of one bond for each 40 shares of stock, will be offered at 90 per cent of their par value (with an adjustment of interest) to the common and preferred shareholders of the company pro rata according to their respective holdings.

In order to insure the necessary funds to provide for its requirements, the company wishes to arrange with you to form a syndicate to guarantee the purchase, at the same price and upon the same terms of payment as are offered to the stockholders, of such part of said issue of bonds as shall not be subscribed for by the stockholders upon the proposed offering.

The form of the bonds and of the agreement under which the same shall be issued shall be subject to your approval.

The company will pay such guaranty syndicate as you may form a commission of 2 per cent upon the face value of said issue of bonds, and will also pay you for your services a commission of one-half of 1 per cent and your actual disbursements.

A meeting of the stockholders of the company will be called to be held within the next 60 days, and if the stockholders should fail within that period to confer the necessary authority to increase the capital stock and otherwise consummate said plan, the obligation of your syndicate shall cease and its compensation shall be reduced to one-half of 1 per cent upon the par value of said issue and your own compensation to one-quarter of 1 per cent thereon.

Asking your early confirmation of the arrangement stated in this letter, I am,

Very truly, yours,

E. H. HARRIMAN,
President.

MONEY TRUST INVESTIGATION

INVESTIGATION

OF

FINANCIAL AND MONETARY CONDITIONS IN THE UNITED STATES

UNDER

HOUSE RESOLUTIONS NOS. 429 AND 504

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY

PART 24

WASHINGTON
GOVERNMENT PRINTING OFFICE
1913

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY.

HOUSE OF REPRESENTATIVES.

ARSÈNE P. PUJO, Louisiana, *Chairman.*

WILLIAM G. BROWN, West Virginia.	GEORGE A. NEELEY, Kansas.
ROBERT L. DOUGHTON, North Carolina.	HENRY McMORRAN, Michigan.
HUBERT D. STEPHENS, Mississippi.	EVERIS A. HAYES, California.
JAMES A. DAUGHERTY, Missouri.	FRANK E. GUERNSEY, Maine.
JAMES F. BYRNES, South Carolina.	WILLIAM H. HEALD, Delaware.

R. W. FONTENOT, *Clerk.*
A. M. MCDERMOTT, *Assistant Clerk.*

MONEY TRUST INVESTIGATION.

SUBCOMMITTEE OF THE COMMITTEE ON
BANKING AND CURRENCY,
HOUSE OF REPRESENTATIVES,
Washington, D. C., Wednesday, January 22, 1913.

The subcommittee met at 2.15 o'clock p. m.

Present: Messrs. Pujo (chairman), Daugherty, Byrnes, Neeley, McMorran, Hayes, Heald, and Doughton.

Present also: Samuel Untermyer, Esq., of New York City, counsel for the committee.

Mr. UNTERMYER. Mr. Chairman, I understand that Mr. Garver and Mr. Beck are here. They desire to have Dr. Chappell take the stand to testify, in support of his affidavit, concerning Mr. Rockefeller's condition, and if the chairman and the committee agree, I think that Dr. Chappell ought to have an opportunity of making his statement, inasmuch as Dr. Richardson has made a statement.

The CHAIRMAN. I think it would be in order. The committee would have preferred in the first instance that Dr. Chappell should have come before the committee instead of sending an ex-parte statement.

STATEMENT OF DR. WALTER FRANKLIN CHAPPELL.

The witness was sworn by the chairman.

Mr. UNTERMYER. Are you a practicing physician?

Dr. CHAPPELL. Yes.

Mr. UNTERMYER. Located where?

Dr. CHAPPELL No. 7 East Fifty-fifth Street, New York City.

Mr. UNTERMYER. How long have you been engaged in the practice of medicine?

Dr. CHAPPELL. Thirty-three years.

Mr. UNTERMYER. Are you engaged in general practice or are you a specialist?

Dr. CHAPPELL. I am a specialist.

Mr. UNTERMYER. In what department of medicine are you a specialist?

Dr. CHAPPELL. The throat, nose, and ears.

Mr. UNTERMYER. How long have you been engaged in practice as a specialist in the throat, nose, and ears?

Dr. CHAPPELL. Twenty years.

Mr. UNTERMYER. Is Mr. William Rockefeller a patient of yours?

Dr. CHAPPELL. Yes.

Mr. UNTERMYER. How long has Mr. William Rockefeller been a patient of yours?

Dr. CHAPPELL. Eleven years.

Mr. UNTERMYER. You have made an affidavit which has been presented to the committee, have you not?

Dr. CHAPPELL. Yes.

Mr. UNTERMYER. And have you come here at your request for the purpose of amplifying your affidavit?

Mr. CHAPPELL. I have.

Mr. UNTERMYER. You have asked the permission of the committee to call you as a witness?

Dr. CHAPPELL. I have.

Mr. UNTERMYER. Will you now be good enough to go on and state in your own way the character of the malady from which Mr. Rockefeller is suffering, and the reasons why, in your judgment, it would be dangerous to his life for him to undergo a brief examination?

Dr. CHAPPELL. Yes. Mr. Rockefeller has four conditions of his larynx which would make it very dangerous for him to become excited or to be subjected to a prolonged effort of his voice.

The four conditions which I mention are, first, laryngeal spasms. I will speak of them later. The second condition is edema of the larynx. The third is hemorrhage of the larynx, and the fourth is irritation of the larynx following speaking.

May I just say what these are now?

Mr. UNTERMYER. Yes.

Dr. CHAPPELL. The laryngeal spasms are contractions of the larynx, which stop the entrance of all air into the lungs, similar to those that occur in whooping cough in children; but with a child or an adult who has a spasm and gets black in the face from the suffocation of a spasm it brings about a relaxation, and the muscles draw open the larynx—the voice box—so that the air enters. But in Mr. Rockefeller's case all the muscles on this side of his larynx [indicating] and also the nerves are gone.

Mr. UNTERMYER. Do you mean the right side?

Dr. CHAPPELL. The right side. All the muscles on the right side of the larynx and the nerves on that side of his larynx have been entirely removed, so that he has not the power, when a spasm comes on, to open his larynx as an adult or a child who has a spasm from whooping cough or any other spasm. Of course, this makes it especially dangerous in his case, because of having no power to open the larynx.

Mr. UNTERMYER. Will you not be good enough to state the symptoms without argument?

Dr. CHAPPELL. The symptoms, of course, are the shutting off of the breath and suffocation. I just said this because I thought you ought to know that he has lost all the muscles on that side of his larynx.

What brings on this spasm is excitement. You have all heard of the trembling of his hands and his head. His larynx does not tremble at all times, but it does tremble under excitement, and the spasm comes on, which shuts off the air from the larynx.

The edema of the larynx is simply a swelling of the mucous membrane of the larynx, which closes off the larynx and stops the air from entering. He has had four attacks of this.

Hemorrhage from the larynx he has had ever since the last operation, and the last hemorrhage was while he was in Nassau, and this

comes on from talking or excitement whenever the circulation is started up, and he sometimes bleeds a great deal and sometimes very little, showing that he still has an open ulcer or wound in his throat.

The fourth condition is the laryngeal irritation following speaking. Up to two years ago we had no anxiety regarding Mr. Rockefeller, but two years ago last month he had a special irritation of the larynx, and from that time a new growth, entirely different from anything that he had had before, started, and grew to such an extent that we had to do one of the largest operations that a man has to undergo in order to get air into his lungs. Of course, he has very little of his larynx left, and the margin of safety to his life is very slight; and if this occurs again, as it did in the first place, from an irritation, and as it may from a further irritation, he has no further operation. Everything has been done in an operative line that can be done.

Mr. UNTERMYER. Have you seen Mr. Rockefeller since Dr. Richardson examined him?

Dr. CHAPPELL. Yes.

Mr. UNTERMYER. When did you see him?

Dr. CHAPPELL. The day following.

Mr. UNTERMYER. Were you present when Dr. Richardson examined him?

Dr. CHAPPELL. I was not—I was in the next room.

Mr. UNTERMYER. Did you confer with Dr. Richardson afterwards?

Dr. CHAPPELL. I did not. He asked me no questions afterwards.

Mr. UNTERMYER. Has Mr. Rockefeller's condition changed at all since Dr. Richardson examined him?

Dr. CHAPPELL. No, sir. He could not possibly know about these spasms, because they occur only at certain intervals, and of course the doctor did not see them at that time.

Mr. UNTERMYER. Have you read Dr. Richardson's testimony?

Dr. CHAPPELL. I have not, sir.

Mr. UNTERMYER. He is an eminent man, is he not?

Dr. CHAPPELL. Eminent; very.

Mr. UNTERMYER. With a national reputation?

Dr. CHAPPELL. Well known to all throat men.

Mr. UNTERMYER. And when his name was suggested as the selection of the committee it was entirely satisfactory to Mr. Rockefeller's counsel?

Dr. CHAPPELL. Perfectly.

Mr. UNTERMYER. As a man of eminence?

Dr. CHAPPELL. Perfectly.

Mr. UNTERMYER. And you understood that he was going down there in an impartial way?

Dr. CHAPPELL. Certainly, sir.

Mr. UNTERMYER. And was not specially concerned for any particular client?

Dr. CHAPPELL. No, sir; never thought of such a thing.

The CHAIRMAN. I just want to announce to the committee that this matter, being one peculiarly which has to be passed upon independently of the marshaling of facts, I would be glad if any member of the committee who has a question to ask of the doctor would feel at liberty to do so directly; and, furthermore, to emphasize the fact that the doctor through counsel, and through our counsel, has made re-

quest to appear before this committee; because it is a fact that he has filed an ex parte affidavit before, and has not come before the committee to be examined by it. After the members of the committee, if they see fit, have propounded such questions as they may have, I want to ask a few questions myself.

Mr. NEELEY. Mr. Chairman, I have no questions to ask, but I may see fit to make a statement later. The proceeding is very unusual.

The CHAIRMAN. Gentlemen, are there any members of the committee who would like to ask Dr. Chappell any questions about the present condition of Mr. Rockefeller?

Doctor, when did you see Mr. Rockefeller last?

Dr. CHAPPELL. The day following Dr. Richardson's examination.

The CHAIRMAN. What date would that be, on the calendar?

Dr. CHAPPELL. That was——

The CHAIRMAN. Two days ago?

Dr. CHAPPELL. That was a week ago last Monday.

The CHAIRMAN. How often do you have to see him in the administration of your relief work, I may say, or your professional services to him?

Dr. CHAPPELL. It took a long time to get Mr. Rockefeller to understand that he must not talk, and that he must keep from excitement; and when he did that he used to have a great many hemorrhages, and I used to have to see him frequently.

The CHAIRMAN. That is not the question.

Dr. CHAPPELL. I used to see him every day.

The CHAIRMAN. Is he your permanent and continuous client?

Dr. CHAPPELL. Yes; he never sees anybody else.

The CHAIRMAN. He is your patient?

Dr. CHAPPELL. Yes.

Mr. UNTERMYER. You say you saw him the next day after the visit of Dr. Richardson?

Dr. CHAPPELL. Yes.

Mr. UNTERMYER. I understand that your hearing to-day is based upon the desire to explain the affidavit made by you: I mean your certificate as to his physical condition?

Dr. CHAPPELL. Yes.

The CHAIRMAN. Did it occur to you, in the first instance, that this application should have been made to the committee or not, as to appearing instead of sending a certificate?

Dr. CHAPPELL. I would have been very glad to have come then: very glad, indeed.

The CHAIRMAN. But it did not occur to you then?

Dr. CHAPPELL. It did not occur to me, sir.

The CHAIRMAN. You assumed that the certificate would be just the same as coming before the committee?

Dr. CHAPPELL. Yes, sir; that is it.

The CHAIRMAN. Why have you applied for a hearing now before the committee, after the report of a public nature made to this committee by Dr. Richardson?

Dr. CHAPPELL. I thought that possibly the committee did not thoroughly understand about the laryngeal spasms, which I laid great stress upon; and I knew that Dr. Richardson could not report on that, because he did not see them. Mr. Rockefeller did not have any while he was there; and they are the things that are so dangerous.

Neither did he have a hemorrhage. None of those things Dr. Richardson could speak of as having seen.

Mr. UNTERMYER. Did you not tell him that they existed?

Dr. CHAPPELL. He looked over my little report that I had; yes, sir.

Mr. UNTERMYER. You explained to Dr. Richardson before he left there the situation as you understood it, did you not?

Dr. CHAPPELL. He did not ask how severe they were, or anything of that kind; but he knew about them.

The CHAIRMAN. Is there anything else you would like to say in this connection, Doctor?

Dr. CHAPPELL. No, sir.

The CHAIRMAN. I want to say that after the selection by the committee of Dr. Richardson, I gave him Dr. Chappell's and Dr. Lambert's certificates, to be taken by him as a history of the case and as a diagnosis of the present condition of Mr. Rockefeller, and as a prognosis of the effect that an examination would have upon him.

Mr. BYRNES. I would like to ask the doctor one or two questions.

The CHAIRMAN. I will be glad to have you do so.

Mr. BYRNES. Did you not discuss the matter with Dr. Richardson before Dr. Richardson examined him?

Dr. CHAPPELL. I had a little statement of the previous history of it; yes, sir; and told him about it.

Mr. BYRNES. Dr. Richardson in his testimony said that you had given him the previous history of the case.

Dr. CHAPPELL. That is right, sir.

Mr. BYRNES. And that he also had the affidavit that had been submitted to the committee by you.

Dr. CHAPPELL. Yes.

Mr. BYRNES. And by the other physician?

Dr. CHAPPELL. Yes; but he did not speak about the severity of these spasms. He did not ask me anything about that.

Mr. BYRNES. Did you not, in telling him and in discussing the history of the case, tell him as to the severity of the spasms?

Dr. CHAPPELL. No, sir.

Mr. BYRNES. Did you not think it important to tell him about that?

Dr. CHAPPELL. He said that he would ask me the questions, and I answered them.

Mr. BYRNES. And you did not give him any information, except categorically, in answer to his questions?

Dr. CHAPPELL. I told him Mr. Rockefeller had these hemorrhages, and spasms of the larynx, and edema of the larynx. From his experience he knows what that means.

Mr. BYRNES. He knew what that meant?

Dr. CHAPPELL. I should think he would.

Mr. BYRNES. You have not seen Mr. Rockefeller since then?

Dr. CHAPPELL. The next day I saw him.

Mr. BYRNES. And you know of no change in his condition since Dr. Richardson examined him?

Dr. CHAPPELL. I do not.

Mr. BYRNES. Do you know that Dr. Richardson stated that he was well enough to stand an examination for a couple of hours?

Dr. CHAPPELL. Yes. By my advice he has never, since the operation, used his voice for more than 20 minutes, and he certainly would never be able to stand a two-hour or a one-hour examination.

Dr. Richardson never saw him in one of those spasms. You have to see him in one to appreciate what it means.

Mr. BYRNES. How often does he have those spasms that you refer to?

Dr. CHAPPELL. He used to have them very frequently when he talked or got a little excited, as he has been a good deal excited about his throat and that would bring on the spasms. Recently he has stopped talking a great deal and in the last three months he has not had so many, but when he gets excited he has them still.

Mr. BYRNES. You see no likelihood of his having a spasm unless he is unduly excited, then?

Dr. CHAPPELL. If he is excited.

Mr. BYRNES. If the members of this committee went to his place of residence at this time and examined him, do you see any reason why he should become unduly excited?

Dr. CHAPPELL. Yes; I do.

The CHAIRMAN. Are there any other members of the committee who desire to ask any questions?

Mr. NEELEY. Suppose the committee were to go to Mr. Rockefeller, the counsel for the committee were to sit within a distance of 5 or 6 feet, and the reporter were to sit at his (Mr. Rockefeller's) elbow, and Mr. Rockefeller were to be treated with all the courtesy and consideration possible, what would you say then as to whether or not he could undergo an examination?

Dr. CHAPPELL. I would still be strictly against it and would urge him not to do it. Just the thought of what might happen to him, just the thought of what might go on, I believe would be enough to bring it on. He has had them and knows what it means.

Mr. UNTERMYER. Would that apply to asking him to write answers to questions?

Dr. CHAPPELL. I think Dr. Richardson has said that he can not write. He can not write at all, and he has a tremulousness of the hands. I think I did see the letter that Dr. Richardson got him to try to write; that is, a few words. He writes like that [indicating with trembling hand]. He can not write at all.

Mr. UNTERMYER. What disease is that?

Dr. CHAPPELL. I am not a specialist on that. I do not know what it is. Dr. Lambert, I think, gave a certificate on that; but he has it, and I do not know. I could not name it.

Mr. UNTERMYER. Is Mr. Rockefeller now at Palm Beach?

Dr. CHAPPELL. He was when I last heard from him.

Mr. UNTERMYER. When was that?

Dr. CHAPPELL. Yesterday.

Mr. UNTERMYER. Does Mr. Rockefeller go out down there and spend the day in the air?

Dr. CHAPPELL. Yes; I suppose he does. I told him he could.

Mr. UNTERMYER. Does he walk about?

Dr. CHAPPELL. Yes.

Mr. UNTERMYER. Talking from time to time?

Dr. CHAPPELL. Well, he talks a little. He speaks in a low whisper to anybody that he knows just quietly for a moment.

Mr. UNTERMYER. But he can be heard?

Dr. CHAPPELL. If it was very quiet, I suppose he could be heard at a distance of 10 feet.

Mr. UNTERMYER. There would be no difficulty in hearing him, in examining him?

Dr. CHAPPELL. Not if you were close by.

Mr. UNTERMYER. That is, he has spent no time in bed for some months, has he, except the usual time in bed at night, of course?

Dr. CHAPPELL. Not from this we were speaking of. He has had some little illness, but that has been unimportant.

Mr. UNTERMYER. You mean such as a cold——

Dr. CHAPPELL. The ordinary things that anyone may have.

The CHAIRMAN. If any other member wants to ask any questions he may do so.

Mr. UNTERMYER. That is all, Dr. Chappell.

Witness excused.

STATEMENT OF WILLIAM J. WOLLMAN.

The witness was sworn by the chairman.

Mr. UNTERMYER. Where do you reside?

Mr. WOLLMAN. New York.

Mr. UNTERMYER. What is your occupation?

Mr. WOLLMAN. I am a member of the firm of J. F. Bache, bankers and brokers.

Mr. UNTERMYER. That is one of the largest New York brokerage houses?

Mr. WOLLMAN. I think so.

Mr. UNTERMYER. How many members of your firm are members of the New York Stock Exchange?

Mr. WOLLMAN. Four members.

Mr. UNTERMYER. Have you also wire connections in other cities?

Mr. WOLLMAN. We have.

Mr. UNTERMYER. In how many cities have you wire connections?

Mr. WOLLMAN. We cover most of the important cities, or many of the important cities, in the United States.

Mr. UNTERMYER. How long have you been a partner in that firm?

Mr. WOLLMAN. Since 1900.

Mr. UNTERMYER. The committee would like certain information concerning the custom of stock-exchange houses with respect to questions of interest on accounts. You charge your customers interest on balances owing by them on stocks which you carry, do you not?

Mr. WOLLMAN. We do.

Mr. UNTERMYER. And in what way is the account kept in respect to what they call short accounts?

Mr. WOLLMAN. We have comparatively very few short accounts.

Mr. UNTERMYER. Do you mean to-day?

Mr. WOLLMAN. They never average more than 1 per cent of our total business.

Mr. UNTERMYER. Have you made any examination of your records to find what proportion of your business in times of activity is business on short accounts?

Mr. WOLLMAN. Yes, sir.

Mr. UNTERMYER. You have made a calculation?

Mr. WOLLMAN. Yes, sir.

Mr. UNTERMYER. Have you got it with you?

Mr. WOLLMAN. No; I have not.
Mr. UNTERMYER. When did you make it?
Mr. WOLLMAN. I made it two or three months ago.
Mr. UNTERMYER. Have you put it in writing?
Mr. WOLLMAN. No, sir; I just did it for my own satisfaction. One of the accounts——
Mr. UNTERMYER. How far back did you go?
Mr. WOLLMAN. I just figured at that time.
Mr. UNTERMYER. This particular time?
Mr. WOLLMAN. Yes, sir.
Mr. UNTERMYER. And that was what month?
Mr. WOLLMAN. Right after the agitation about short sales.
Mr. UNTERMYER. After the agitation started by this committee?
Mr. WOLLMAN. Yes.
Mr. UNTERMYER. You mean before this committee—the investigation before this committee?
Mr. WOLLMAN. Before this committee; yes, sir.
Mr. UNTERMYER. In what month was that when you made that calculation as of that particular day?
Mr. WOLLMAN. I think it was 60 or 90 days ago.
Mr. UNTERMYER. That was in November or December, then?
Mr. WOLLMAN. Yes, sir.
Mr. UNTERMYER. The market was very stagnant, was it not?
Mr. WOLLMAN. Yes.
Mr. UNTERMYER. And has been for a long time?
Mr. WOLLMAN. Yes.
Mr. UNTERMYER. Are not conditions on the New York Stock Exchange now quite unusual, so far as want of activity is concerned?
Mr. WOLLMAN. It is not very active.
Mr. UNTERMYER. Conditions are quite unusual?
Mr. WOLLMAN. Yes; quite unusual.
Mr. UNTERMYER. And they have been so for how long?
Mr. WOLLMAN. For the last six months or more.
Mr. UNTERMYER. Do you know what the dealings have averaged in the last two or three or four months?
Mr. WOLLMAN. I imagine 250,000 shares a day, on the average.
Mr. UNTERMYER. Is it not less than that? Would it not be somewhat less than 250,000?
Mr. WOLLMAN. Maybe 200,000.
Mr. UNTERMYER. In times of great activity the sales on the stock exchange, or the dealings on one side of a transaction, would go up to as much as a million or two million shares a day, would they not?
Mr. WOLLMAN. Some times they have gone as high as 3,000,000 shares.
Mr. UNTERMYER. They have gone as high as 3,000,000 shares?
Mr. WOLLMAN. Yes.
Mr. UNTERMYER. Have you looked back to see what proportion is short selling in times of activity?
Mr. WOLLMAN. No.
Mr. UNTERMYER. You have made no calculation as to the amount?
Mr. WOLLMAN. No.
Mr. UNTERMYER. The only examination you made was on that particular day to which you have referred?
Mr. WOLLMAN. Yes, sir.

Mr. UNTERMYER. About three months ago?

Mr. WOLLMAN. Yes, sir.

Mr. UNTERMYER. Do you not know that it is claimed that short selling is a protection against a runaway market?

Mr. WOLLMAN. I think it is a balance wheel.

Mr. UNTERMYER. I say it is so claimed?

Mr. WOLLMAN. Yes, sir.

Mr. UNTERMYER. And it is also claimed that it checks a declining market.

Mr. WOLLMAN. Very often.

Mr. UNTERMYER. Yes; substantially?

Mr. WOLLMAN. Men will go right in and buy——

Mr. UNTERMYER. I say it checks a declining market?

Mr. WOLLMAN. It does.

Mr. UNTERMYER. It would not have that effect in times when short selling had amounted to only 1 per cent.

Mr. WOLLMAN. All I can talk from is from a public standpoint.

Mr. UNTERMYER. Oh, no; but if it were only 1 per cent, would it have an appreciable effect?

Mr. WOLLMAN. I think it would.

Mr. UNTERMYER. You think it would?

Mr. WOLLMAN. Yes.

Mr. UNTERMYER. I want you to tell us about this question of interest. When you make a short sale for a customer, do you have to borrow the stock?

Mr. WOLLMAN. We have to borrow the stock unless we have the stock.

Mr. UNTERMYER. You mean unless you have the stock in your office for some other customer who is long of the stock?

Mr. WOLLMAN. Or for other customers; yes.

Mr. UNTERMYER. If you have the stock for other customers who are long of the stock, then you borrow the stock from them?

Mr. WOLLMAN. We have an understanding with them, an agreement with them, that every time we want to borrow that stock or loan it we have the privilege of doing it.

Mr. UNTERMYER. You have that in writing?

Mr. WOLLMAN. Yes; we have that in writing.

Mr. UNTERMYER. You mean that is on your printed form?

Mr. WOLLMAN. That is on our printed form.

Mr. UNTERMYER. Have you one of those forms here?

Mr. WOLLMAN. Yes. [Producing form.]

Mr. UNTERMYER. How long has that form been in use?

Mr. WOLLMAN. I think it has been in use two or three years.

Mr. UNTERMYER. Do you refer to subdivision No. 3?

Mr. WOLLMAN. I do not remember what the number is.

Mr. UNTERMYER. Subdivision two, I think [indicating]. This is your bought-and-sold form of statement that you render your customer. These are the two forms, are they?

Mr. WOLLMAN. Yes, sir.

Mr. UNTERMYER. We will offer these forms in evidence.

The papers referred to were marked "Exhibit No. 201, January 22, 1913," and "Exhibit No. 201–A, January 22, 1913," and will be found printed in the record at the end of volume 25.

Mr. UNTERMYER. The pink one is a statement you render those who sell stock?

Mr. WOLLMAN. Yes.

Mr. UNTERMYER. And the white paper is the form you use for those who buy stock?

Mr. WOLLMAN. Yes, sir.

Mr. UNTERMYER. And the paragraph to which you refer reads as follows:

It is agreed between broker and customer:
(1) That all transactions are subject to the rules and customs of the New York Stock Exchange and its clearing house.
(2) That all securities from time to time carried in the customer's marginal account for deposit to protect the same may be loaned by the broker or may be pledged by him either separately or together with other securities either for the sum due thereon or for a greater sum all without further notice to the customer.

Does the customer sign any such document?

Mr. WOLLMAN. No. But he receives it——

Mr. UNTERMYER. I say does he sign it?

Mr. WOLLMAN. No; but at the end—will you pardon me?

Mr. UNTERMYER. Yes.

Mr. WOLLMAN. At the end of each month we send out a notice and have our customers acknowledge receipt of their account, showing the correctness of the account.

Mr. UNTERMYER. Well, that statement that you send out showing the correctness of the account does not show, does it, whether you have loaned out his securities or not?

Mr. WOLLMAN. We very seldom loan out securities——

Mr. UNTERMYER. I say does it show whether you have loaned out any of your customers' securities?

Mr. WOLLMAN. No; it does not.

Mr. UNTERMYER. And as I understand you, you say they are monthly statements showing the balance?

Mr. WOLLMAN. And a little slip asking him to acknowledge the correctness of the account.

Mr. UNTERMYER. Showing the balance?

Mr. WOLLMAN. Yes; and showing a list of the securities, and so forth.

Mr. UNTERMYER. In that list of securities do you include all the securities you are carrying for him, regardless of whether they have been loaned or not in connection with short sales?

Mr. WOLLMAN. Well, we——

Mr. UNTERMYER. Will you not answer that question?

Mr. WOLLMAN. Will you put that question again?

The stenographer read the question, as follows:

In that list of securities do you include all the securities you are carrying for him, regardless of whether they have been loaned or not in connection with short sales?

Mr. UNTERMYER. You include all the securities you are carrying for him, do you not?

Mr. WOLLMAN. We do.

Mr. UNTERMYER. Why should you ask a customer to agree that you may be allowed to borrow on the securities that you are carrying for him more than he owes you?

Mr. WOLLMAN. Well, we do that——

Mr. UNTERMYER. In other words, you use his capital in your business?

Mr. WOLLMAN. We very seldom borrow more than he owes us.

Mr. UNTERMYER. Why do you put in a stipulation?

Mr. WOLLMAN. To avoid any technicality.

Mr. UNTERMYER. Where is the technicality?

Mr. WOLLMAN. Because sometimes a man has a little more margin, and sometimes a little less, and in order that we do not have to check up an account every time, we simply have an agreement with him that we can borrow any money we see fit.

Mr. UNTERMYER. Do I understand you correctly, then, that if you have securities of a customer that has a margin, we will say, of 50 per cent, you do not borrow any more than that 50 per cent he owes you on those securities?

Mr. WOLLMAN. No——

Mr. UNTERMYER. That is right, is it?

Mr. WOLLMAN. We borrow the full amount, as long as he owes us any money.

Mr. UNTERMYER. You mean you borrow the full amount you are able to borrow?

Mr. WOLLMAN. The full amount we are able to borrow; yes, sir.

Mr. UNTERMYER. Then, if he has an account with you and owes you 50 per cent of the value of the securities, what proportion of that value do you usually borrow?

Mr. WOLLMAN. About 75 per cent.

Mr. UNTERMYER. Then what did you mean, Mr. Wollman, by saying a moment ago that you very seldom borrow on a customer's securities any more than the customer owes you?

Mr. WOLLMAN. Because very seldom customers have paid more than 10 or 15 per cent, and it requires our capital. I would say 99 per cent of our customers have not more than the required margin.

Mr. UNTERMYER. You would think 99 per cent have not more than 10 or 15 per cent margin.

Mr. WOLLMAN. Maybe 90 per cent.

Mr. UNTERMYER. Then yours is a very speculative business, is it not?

Mr. WOLLMAN. I do not think so.

Mr. UNTERMYER. Is it the rule in New York among the brokers that the bulk of their business is done on a 10 or 15 per cent margin?

Mr. WOLLMAN. I imagine that most of the brokers do not get more than 10 or 15 per cent margin.

Mr. UNTERMYER. That is almost a gambling business, is it?

Mr. WOLLMAN. Not at all. The bank requires only 20 per cent from us.

Mr. UNTERMYER. Do you think it is a perfectly legitimate brokerage business to have an average of accounts outstanding so that your total business is covered only to the extent of 10 or 15 per cent of the value of the securities you are carrying?

Mr. WOLLMAN. I think it is. We are dealing with many business men who use their capital in their business.

Mr. UNTERMYER. Then, why do they buy securities?

Mr. WOLLMAN. Because they believe in the future of the country and think they can make some money.

Mr. UNTERMYER. And buy them on a 10 per cent margin?
Mr. WOLLMAN. Ten or fifteen per cent margin.
Mr. UNTERMYER. And that is the bulk of the business done in New York on the stock exchange?
Mr. WOLLMAN. I can only talk of my own firm.
Mr. UNTERMYER. You do many millions of dollars of business, you deal in millions of shares a year, do you not?
Mr. WOLLMAN. We do.
Mr. UNTERMYER. Have you any objection to stating in normal years what your business is, or is that a private matter that you would rather not go into?
Mr. WOLLMAN. I would not object to going into it, but I could not tell you accurately.
Mr. UNTERMYER. You do not object, then, to stating?
Mr. WOLLMAN. No; but I can not tell you.
Mr. UNTERMYER. Have you any approximate idea?
Mr. WOLLMAN. No; I could not give you a figure.
Mr. UNTERMYER. Many millions of shares?
Mr. WOLLMAN. I would say millions of shares.
Mr. UNTERMYER. A year?
Mr. WOLLMAN. A year; yes.
Mr. UNTERMYER. In normal times you are carrying at one time millions of shares, are you not?
Mr. WOLLMAN. Yes—no; I will take that back; not millions, but I would say hundreds of thousands of shares.
Mr. UNTERMYER. Not millions of shares?
Mr. WOLLMAN. No; not millions of shares.
Mr. UNTERMYER. Coming back to this interest question, you say that when a broker makes a short sale for a customer he has got to borrow the security?
Mr. WOLLMAN. Yes, sir.
Mr. UNTERMYER. If, for instance, you have got that security that you have sold short among the securities of a customer who is long of them, you say you borrow the security from that customer?
Mr. WOLLMAN. We borrow the security. We have it either in our box or the bank, hypothecated.
Mr. UNTERMYER. You borrow it from that customer?
Mr. WOLLMAN. Not from any particular customer. We always have enough stock on hand to supply any customer who may order any stock—any customer who may want the stock.
Mr. UNTERMYER. You mean, any short customer?
Mr. WOLLMAN. Any long customer; any man that wants it. We have the stock on hand so we can give the customer his stock.
Mr. UNTERMYER. You mean to say you do not keep each customer's stock separate?
Mr. WOLLMAN. We do not.
Mr. UNTERMYER. They are all jumbled together with your own?
Mr. WOLLMAN. With our own.
Mr. UNTERMYER. Is that right?
Mr. WOLLMAN. Unless they are paid for, and then we put them away.
Mr. UNTERMYER. Fully paid for, you mean?
Mr. WOLLMAN. Unless they are fully paid for.

Mr. UNTERMYER. Just as long as a customer owes anything on his stock it is a part of the general pot?

Mr. WOLLMAN. That is true.

Mr. UNTERMYER. When you borrow from the stock or security you have belonging to customers who are long in order to supply a customer who has sold short, you take that stock and deliver it at the clearing house, do you not, or deliver it through the clearing house?

Mr. WOLLMAN. We deliver the stock at the clearing house or through the clearing house or to the firm.

Mr. UNTERMYER. Do you continue, and is it the custom among brokers to continue, charging interest on the long account?

Mr. WOLLMAN. It is; but we allow interest on the short account, too.

Mr. UNTERMYER. Yes, I understand that; but to whom do you allow interest on the short account?

Mr. WOLLMAN. To the man who sells it short. The man who sells it short is responsible for the dividend if it is a dividend paying stock, and he has to pay the dividend.

Mr. UNTERMYER. But suppose customer A has a thousand shares of Reading stock with you on which he owes 80 per cent, and you take that stock in order to deliver it on a short sale; is it the custom of the broker to continue charging customer A interest on what he owes, even though his stock has been borrowed?

Mr. WOLLMAN. Well, I do not know whose stock is borrowed.

Mr. UNTERMYER. Is it the custom to continue charging all the customers interest?

Mr. WOLLMAN. It is; but we allow the man who sells that thousand shares short interest on the short sale.

Mr. UNTERMYER. But we are talking about the man who has stock with you on which he owes money. You take that stock and deliver it on a short sale. I would like to know why you should continue—and when I say you, I do not mean you personally, but the brokers generally—to be charging that customer interest on the stock you are carrying for him when you are not carrying it for him, but have loaned it out?

Mr. WOLLMAN. Well, we allow the man that sells the stock short interest, and the man that has the stock long, if he wants it, can come in and get it.

Mr. UNTERMYER. You mean if he wants to pay for it.

Mr. WOLLMAN. If he wants to pay for it, yes.

Mr. UNTERMYER. But in the meantime, if his stock has been loaned out——

Mr. WOLLMAN. We probably have enough stock in our office at all times to give this particular man his stock.

Mr. UNTERMYER. That is not the point at all. Every broker has not, has he?

Mr. WOLLMAN. No, sir.

Mr. UNTERMYER. No. We are talking about the general custom. Is it not a fact that when you borrow this stock you pay the amount that is owing on it in order to get it?

Mr. WOLLMAN. Yes.

Mr. UNTERMYER. So, if the stock that you are carrying long is up with the bank and you want to supply it to a short customer, you pay the banks, do you not?

Mr. WOLLMAN. Yes, sir.

Mr. UNTERMYER. So that there is nothing owing on that account for that stock any more, is there?

Mr. WOLLMAN. But we are responsible for it to the customer——

Mr. UNTERMYER. Yes; but have you any capital invested in it any longer? Have you not got your capital back, and are you not continuing to charge that customer, who is long of that stock, interest on his account, just as if his stock was still there?

Mr. WOLLMAN. But that customer gives us the privilege when he starts to do business——

Mr. UNTERMYER. Where in this paper that you have shown us does he give you the privilege of charging him interest on an account that has been paid?

Mr. WOLLMAN. He knows that it is the custom of the street to do that.

Mr. UNTERMYER. To charge interest when you have got your money back?

Mr. WOLLMAN. But we stand in the gap.

Mr. UNTERMYER. But you get commissions, do you not?

Mr. WOLLMAN. Yes, sir.

Mr. UNTERMYER. I would like to know where there is anything that entitles the broker—I am not speaking of your house, because this is a custom, is it not?

Mr. WOLLMAN. Yes.

Mr. UNTERMYER. Universal?

Mr. WOLLMAN. Yes.

Mr. UNTERMYER. What I want to know is where there is anything in your arrangement with the customer that entitles you without his knowledge to take his stock, get the money for it when you loan it out, and continue to charge him interest on his account as though the stock were still there and he still owed the money?

Mr. WOLLMAN. The customer does not, as a rule, object. If we borrow the money from a bank, or we get the money back from another broker——

Mr. UNTERMYER. But he does not know you are lending his stock out.

Mr. WOLLMAN. He tells us when he buys the stock——

Mr. UNTERMYER. Does he? Where does he tell you when he buys the stock that you can take it and lend it out and take the interest yourself instead of allowing it to him?

Mr. WOLLMAN. We do not take the interest ourselves.

Mr. UNTERMYER. Well, we will see about that; we will come to that in a minute.

Mr. WOLLMAN. It says here "can be loaned by the broker."

Mr. UNTERMYER. Yes; but just read it.

Mr. WOLLMAN (reading):

That all securities from time to time carried in the customer's marginal account or deposited to protect the same may be loaned by the broker or may be pledged by him either separately or together with other securities.

Mr. UNTERMYER. What is there there that entitles the broker, when he loans out those securities and gets back the money for them, to

keep on charging his customer interest on that money as though it was still owing by the customer to the broker? Is there anything there to show it?

Mr. WOLLMAN. Except it is the custom of the business, and a man that comes in knows that we either go to a bank and borrow the money or we loan it out.

Mr. UNTERMYER. But when you borrow the money and you go back and pay back the money to the bank, the bank does not continue to charge you interest, does it?

Mr. WOLLMAN. No, sir.

Mr. UNTERMYER. Then, why should you charge interest to the customer when you have repaid the bank and the bank does not charge you interest?

Mr. WOLLMAN. Mr. Untermeyer, when we get this money back from the broker we allow our customer so much interest on short sales.

Mr. UNTERMYER. We are not talking about the short selling customer and you know it perfectly well; we are talking about your dealings with a man who owns the stock. You understand that, do you not?

Mr. WOLLMAN. Yes.

Mr. UNTERMYER. When you take a man's stock to a bank and get back from the bank what the customer owes you, and then you go to the bank and pay for that stock and take it out and the bank no longer charges you interest on it, why should you continue to be charging that customer interest?

Mr. WOLLMAN. Unless the customer paid for that stock in full, we would have our own capital in that stock.

Mr. UNTERMYER. Let us see about that. We will take a given instance, because we want to make this plain. We will take the instance of a man named Brown, who has $200,000 worth of stock with you, on which he has paid, say, $40,000, and you have gone to the bank and borrowed $160,000 on it, which is what he owes on it, and then you have loaned out the stock of that man Brown, and you go to the bank and get the money from the man to whom you loaned it, with which to pay the bank, and have turned the stock over, and having done that you do not pay the interest on that loan any more, do you?

Mr. WOLLMAN. No, sir.

Mr. UNTERMYER. But you charge the customer interest on that loan, do you not?

Mr. WOLLMAN. But we pay——

Mr. UNTERMYER. Will you not answer me; do you charge the customer?

Mr. WOLLMAN. We do.

Mr. UNTERMYER. You continue to charge him, do you not?

Mr. WOLLMAN. We do.

Mr. UNTERMYER. Just as though his loan had not been paid by loaning out his stock.

Mr. WOLLMAN. But will you let me——

Mr. UNTERMYER. Certainly.

Mr. WOLLMAN. But the man we loan the stock to we have to pay a rate of interest. We pay him a rate of interest, so it makes very

little difference to the customer whether or not we pay it to the bank or pay it to the people we loan it to.

Mr. UNTERMYER. Let us see if we understand each other. Why should you charge that customer interest on a loan that has been paid back to you?

Mr. WOLLMAN. But, Mr. Untermyer, the customer—we loan a certain stock out. The party we loan it to, we pay them interest on the money.

Mr. UNTERMYER. Why should you pay them interest on the money when you loan them the stock?

Mr. WOLLMAN. Because they will not do it unless we do that.

Mr. UNTERMYER. What has that got to do with the customer whose stock you have taken and paid his loan; why should you keep on charging him interest? That is what I am trying to get at.

Mr. WOLLMAN. Then we would lose money by the operation.

Mr. UNTERMYER. But where do you get any authority to charge a customer interest on a loan that has been paid back to you?

Mr. WOLLMAN. Paid back to the bank, but the customer has not paid it out, and we go out to the broker and borrow money from the broker and pay him a rate of interest.

Mr. UNTERMYER. It has been paid back to the bank, has it not?

Mr. WOLLMAN. It has been paid back to the bank and we borrowed it from the broker.

Mr. UNTERMYER. The broker has been paid back by the bank, has he not?

Mr. WOLLMAN. No; we go right to the broker and borrow the money.

Mr. UNTERMYER. I do not think you understand.

Mr. WOLLMAN. All right.

Mr. UNTERMYER. You make a loan to a man on stock and you go to your bank and get your money back, do you not?

Mr. WOLLMAN. Yes.

Mr. UNTERMYER. So the man owes you nothing; he owes it to the bank?

Mr. WOLLMAN. No; he owes it to us.

Mr. UNTERMYER. And you have got it back from the bank.

Mr. WOLLMAN. We have got it back from the bank.

Mr. UNTERMYER. So you are in?

Mr. WOLLMAN. Yes.

Mr. UNTERMYER. Now, this loan being at the bank with the stock, when you lend that stock on a short sale you pay off the loan, do you not?

Mr. WOLLMAN. And we lend it to the broker.

Mr. UNTERMYER. You pay off the loan?

Mr. WOLLMAN. Yes; or, in other words, it is just a transfer.

Mr. UNTERMYER. I understand. You lend it and give the money back to the bank?

Mr. WOLLMAN. We pay the bank.

Mr. UNTERMYER. Under that clause that allows you to loan out this man's stock?

Mr. WOLLMAN. Yes.

Mr. UNTERMYER. You keep on charging him interest, do you not?

Mr. WOLLMAN. But we pay the broker——

Mr. UNTERMYER. Do you ever notify a customer that you have loaned his stock?

Mr. WOLLMAN. We very often do.

Mr. UNTERMYER. Is that your custom?

Mr. WOLLMAN. We very often do.

Mr. UNTERMYER. Have you any blank or form on which you do that?

Mr. WOLLMAN. No; but we very often say that we can loan his stock and ask him if he wants us to do it.

Mr. UNTERMYER. Is that a custom, to notify people that you are going to lend out their stock?

Mr. WOLLMAN. Very often.

Mr. UNTERMYER. But is it a custom?

Mr. WOLLMAN. I do not think it is a custom.

Mr. UNTERMYER. You know it is not a custom. All stocks are loaned back and forth, and the customer knows nothing about it. Is not that the custom and the fact?

Mr. WOLLMAN. Yes.

Mr. UNTERMYER. Now, let us take another phase of this same proposition. Suppose you make a short sale for a customer and you do not have the stock in your box belonging to some of your customers who are long, then what do you do?

Mr. WOLLMAN. We go out and borrow it from some other broker.

Mr. UNTERMYER. You go out and get it from another broker?

Mr. WOLLMAN. We do.

Mr. UNTERMYER. Do you pay him the amount of it when that other broker lends that stock to you?

Mr. WOLLMAN. We do.

Mr. UNTERMYER. And then he goes to the bank and gets the stock and hands it to you, does he not?

Mr. WOLLMAN. Yes; but we allow him a certain amount of interest on it, too.

Mr. UNTERMYER. Yes. That other man, who has thus been paid what is owing him or his customer on that stock, keeps on charging that customer interest on that stock, does he not?

Mr. WOLLMAN. Yes; but he has to pay——

Mr. UNTERMYER. Now, will you not answer that?

Mr. WOLLMAN. He does.

Mr. UNTERMYER. Is this custom of charging a customer interest on stock that has been loaned to another broker to make short sales, even after the broker who lends the stock has had his money, a universal custom in New York among brokers?

Mr. WOLLMAN. It is a custom; but the broker who loans the stock pays a certain amount of money.

Mr. UNTERMYER. Do you not know it is a larger source of revenue to the brokers than the commissions the brokers get?

Mr. WOLLMAN. At times it is a good source of revenue.

Mr. UNTERMYER. This interest on stock is a bigger source of revenue than the revenue the brokers get from the commissions, is it not?

Mr. WOLLMAN. I do not think so.

Mr. UNTERMYER. You do not think it is bigger?

Mr. WOLLMAN. No, sir. I think it is very small.

Mr. UNTERMYER. I thought you said just now that it is very considerable.

Mr. WOLLMAN. Considerable?

Mr. UNTERMYER. Do brokers charge their customers the same rate of interest that they pay, or do they charge them more?

Mr. WOLLMAN. They make a little profit on interest.

Mr. UNTERMYER. Do you know how much profit they make?

Mr. WOLLMAN. They will average from one-half of 1 per cent to 1½ per cent per annum.

Mr. UNTERMYER. You mean the difference between the rate——

Mr. WOLLMAN. That they pay.

Mr. UNTERMYER. That they pay, and the rate they get from their customers averages from one-half of 1 per cent to 1½ per cent; is that right?

Mr. WOLLMAN. I would say so.

Mr. UNTERMYER. Three-quarters is about the least, is it not?

Mr. WOLLMAN. Very often we do not make one-half of 1 per cent.

Mr. UNTERMYER. That difference in interest is in addition, is it not, to this other interest account on stocks that are loaned, on which the customer continues to pay interest after his loan has been repaid?

Mr. WOLLMAN. Yes; but the other account does not amount to very much.

Mr. UNTERMYER. You mean the difference between the——

Mr. WOLLMAN. One-half of 1 per cent is quite an item, and what we loan to other brokers does not amount to very much.

Mr. UNTERMYER. About how much does it amount to in your concern? Have you figured it out? Have you got any statement?

Mr. WOLLMAN. No; I do not imagine it amounts to more than $2,000 or $3,000 a year.

Mr. UNTERMYER. You do not mean that?

Mr. WOLLMAN. I really do.

Mr. UNTERMYER. Do you not know that it amounts to more than two or three hundred thousand dollars a year in your concern?

Mr. WOLLMAN. No, sir; I do not believe it amounts to more than two or three thousand dollars.

Mr. UNTERMYER. Do you know?

Mr. WOLLMAN. No, sir; I do not know.

Mr. UNTERMYER. Have you ever made a calculation?

Mr. WOLLMAN. No, sir; but I would be very glad to make a calculation.

Mr. UNTERMYER. Have you ever made one?

Mr. WOLLMAN. No, sir; I have not.

Mr. UNTERMYER. At the present time those transactions do not amount to very much, do they?

Mr. WOLLMAN. No, sir; they do not.

Mr. UNTERMYER. And they have not for some months?

Mr. WOLLMAN. They have not for some months.

Mr. UNTERMYER. But in times of great activity, when short selling is very largely dealt in, they amount to a great deal, do they not?

Mr. WOLLMAN. When we have the largest amount of activity it is the time when we have bull markets, and when we have bull markets there is very little short selling.

Mr. UNTERMYER. There comes a time, does there not, when short selling is very active, when bull markets have, in the opinion of the principal operators and the most far-sighted men, reached their height?

Mr. WOLLMAN. Yes; but the public do not sell short.
Mr. UNTERMYER. The operators do, do they not?
Mr. WOLLMAN. I do not know what they do, but the public do not.
Mr. UNTERMYER. Do you not know what class of people sell short?
Mr. WOLLMAN. The public do not sell short.
Mr. UNTERMYER. Who are the people; the room traders and the big operators?
Mr. WOLLMAN. I do not think they sell short as much as the general public think they do.
Mr. UNTERMYER. But the question is whether the men who sell short are the professional operators and room traders.
Mr. WOLLMAN. I do not know about that. We do not deal with the professionals; we deal with the public.
Mr. UNTERMYER. Do you not usually have a number of big operators?
Mr. WOLLMAN. No, sir; we do not. Our business is all with the public.
Mr. UNTERMYER. They are among the public, are they not?
Mr. WOLLMAN. By big operators I mean members of the New York Stock Exchange——
Mr. UNTERMYER. No; I do not mean the members of the New York Stock Exchange; I mean the big operators who are not members of the stock exchange.
Mr. WOLLMAN. The big operators who are not members of the stock exchange do not sell very often short; not through us.
Mr. UNTERMYER. Do room traders sell short?
Mr. WOLLMAN. I do not know whether they do or not.
Mr. UNTERMYER. Do you not deal for room traders?
Mr. WOLLMAN. We do not; very seldom.
Mr. UNTERMYER. Do you not have facilities for room traders?
Mr. WOLLMAN. We have very little of that business.
Mr. UNTERMYER. I say, have you not facilities for room traders? Have you not a room and a board?
Mr. WOLLMAN. Oh, I thought you meant on the stock exchange.
Mr. UNTERMYER. No; I mean in your offices.
Mr. WOLLMAN. They sell short very seldom. The public always buy.
Mr. UNTERMYER. The public buy always?
Mr. WOLLMAN. Yes.
Mr. UNTERMYER. Who are the class of people who do the selling?
Mr. WOLLMAN. I do not believe that amounts——
Mr. UNTERMYER. Who are the class of people who do the selling?
Mr. WOLLMAN. I do not believe there is a class of people who do the selling.
Mr. UNTERMYER. You say you have how many wire houses connected with you by private wires?
Mr. WOLLMAN. I would say 15 or 20.
Mr. UNTERMYER. And those houses have private wires with your house?
Mr. WOLLMAN. They do.
Mr. UNTERMYER. I suppose that wire business is not speculative, is it?
Mr. WOLLMAN. The business is becoming more of an investment business all the time.

Mr. UNTERMYER. Do you mean lately?

Mr. WOLLMAN. Within the last two or three years.

Mr. UNTERMYER. Do you mean that there is less gambling than there used to be?

Mr. WOLLMAN. The business is becoming more of an investment business all the time.

Mr. UNTERMYER. Do you mean by that that the stock-exchange business is not so speculative as it used to be?

Mr. WOLLMAN. It is not nearly as speculative as it used to be.

Mr. UNTERMYER. Do you mean by that that the amount of transactions is very much reduced—the volume of business?

Mr. WOLLMAN. The volume of business is very much reduced, and the number of stockholders over the United States has increased tremendously. I would say there are 500,000 more stockholders than there were 5 or 10 years ago, showing that the business is becoming an investment business.

Mr. UNTERMYER. Then there would not be any harm in stopping short selling, would there?

Mr. WOLLMAN. Short sales are a safeguard for the people generally.

Mr. UNTERMYER. My question was: If it is true that the business nowadays is getting to be investment and not speculative, would there be any great harm in stopping short selling?

Mr. WOLLMAN. Short sales are——

Mr. UNTERMYER. Will you not answer that?

Mr. WOLLMAN. I think there would be a great deal of harm.

Mr. UNTERMYER. Do you think there would be any harm, under such a state of affairs, if we have gotten down to an investment basis on the stock exchange, in stopping manipulation?

Mr. WOLLMAN. Manipulation at times is good.

Mr. UNTERMYER. You think that manipulation is good?

Mr. WOLLMAN. It depends upon the manipulation.

Mr. UNTERMYER. And speculation is good?

Mr. WOLLMAN. I think speculation is good. It exists in every country in the world.

Mr. UNTERMYER. What do you understand by "manipulation"?

Mr. WOLLMAN. Where a lot of men get together and put up a stock or put it down.

Mr. UNTERMYER. Put it up in what way?

Mr. WOLLMAN. By buying and selling.

Mr. UNTERMYER. Do you mean their purpose in getting together is to lift the market price of the stock?

Mr. WOLLMAN. They believe in a stock and they put it up.

Mr. UNTERMYER. If they believe in the stock, why should they sell it while they are buying it?

Mr. WOLLMAN. Because they have probably a large investment in the stock and they want to increase the value of that investment.

Mr. UNTERMYER. Do you mean that is the reason for buying and selling at the same time?

Mr. WOLLMAN. In order to interest the public.

Mr. UNTERMYER. You mean to make it appear active?

Mr. WOLLMAN. I mean to make it appear active.

Mr. UNTERMYER. Yes. Well, just tell us how that is done. How is this appearance of activity brought about?

Mr. WOLLMAN. I imagine if John Jones, on the outside, wanted to make his stock look active he would give an order to one broker to buy 1,000 shares and give another order to another broker to sell 1,000 shares.

Mr. UNTERMYER. Where would he be at the end and how would he get the stock up by doing that?

Mr. WOLLMAN. The stock would look active and probably attract the attention of some people, and they might come in and investigate the stock and buy it.

Mr. UNTERMYER. But how would that lift the price of it if he bought and sold 1,000 shares at the same price? How would that make the stock any higher?

Mr. WOLLMAN. Somebody might come in and buy 1,000 shares of stock and take it out of the market.

Mr. UNTERMYER. The idea would be that he might get some other fellow in between who would take off 500 shares; is that it?

Mr. WOLLMAN. Yes.

Mr. UNTERMYER. That is a good deal like a mock auction, is it not?

Mr. WOLLMAN. Not at all.

Mr. UNTERMYER. What is the difference between that and a mock auction?

Mr. WOLLMAN. I do not see how you can make any comparison.

Mr. UNTERMYER. Let us see. He has two brokers bidding against one another, has he not, looking for some other man to come in and take some of the stock? Is not that about it?

Mr. WOLLMAN. Yes; but he has, probably, a large interest in the stock himself.

Mr. UNTERMYER. Never mind that. So might the man who conducted the mock auction have a large interest in the furniture at his home. But the question is whether that has not really all the features and characteristics of a mock auction.

Mr. WOLLMAN. I do not think you can compare them at all.

Mr. UNTERMYER. Suppose you analyze it, if you will, Mr. Wollman. You say that when a man wants to make a stock look active and raise the price he gives one broker an order to buy and another broker an order to sell, and he is hoping to get somebody in to take part of that business?

Mr. WOLLMAN. What he is hoping for is to get somebody interested in the stock who will investigate it and possibly buy some of the stock.

Mr. UNTERMYER. Yes. Is that what you understand by a manipulation?

Mr. WOLLMAN. That is the way I understand it.

Mr. UNTERMYER. Is it or not the fact that when the stock is being manipulated actively the orders are not given to one broker to buy and to another broker to sell, but to a number of brokers to buy and to a number of brokers to sell?

Mr. WOLLMAN. I think that is true.

Mr. UNTERMYER. What do you say the purpose of that is?

Mr. WOLLMAN. To get the public interested in the stock.

Mr. UNTERMYER. And to lift the price?

Mr. WOLLMAN. To lift the price.

Mr. UNTERMYER. Is that the way, when a man has a block of stock to sell that he endeavors to dispose of it?

Mr. WOLLMAN. There is very little of that.

Mr. UNTERMYER. I say, is that the way he does it?

Mr. WOLLMAN. Sometimes he pursues that course.

Mr. UNTERMYER. Are there other methods of doing the same thing?

Mr. WOLLMAN. No; I do not know of any other method of doing it.

Mr. UNTERMYER. And that you consider entirely praiseworthy and harmless?

Mr. WOLLMAN. I think there is a certain amount of it necessary.

Mr. UNTERMYER. Referring to this interest question, in borrowing money from the bank are you required to put up a larger amount than the margin that the customer puts up?

Mr. WOLLMAN. Certainly.

Mr. UNTERMYER. Not always, are you?

Mr. WOLLMAN. Ninety-nine per cent of the time you are.

Mr. UNTERMYER. Are you not frequently able to borrow more from the bank than the customer owes you?

Mr. WOLLMAN. I would say once out of a hundred times.

Mr. UNTERMYER. In cases in which you have to borrow from the banks, in which you are able to borrow from the banks less than the customer owes you, the balance comes out of your own capital, does it not?

Mr. WOLLMAN. Yes; it does.

Mr. UNTERMYER. That is all.

Witness excused.

Mr. UNTERMYER. Mr. Chairman, there are some data here that ought to go into the record, and for the convenience of the committee, perhaps, if there is no objection, I may refer to certain features of the data as it is being marked, without having my remarks go in the record.

I offer first a list of stockholders of 1,000 shares and over in the National City Bank of New York.

The list referred to was marked "Exhibit No. 201½, January 22, 1913," and will be found printed in full following volume 25.

Mr. UNTERMYER. I offer a list of the stockholders of the Continental & Commercial National Bank of Chicago.

The list referred to was marked "Exhibit No. 202, January 22, 1913," and will be found printed in full following volume 25.

Mr. UNTERMYER. I offer in evidence a list of shareholders of the National Bank of Commerce of New York City.

The list referred to was marked "Exhibit No. 203, January 22, 1913," and will be found printed in full following volume 25.

Mr. UNTERMYER. I offer in evidence a list of the stockholders of the Chase National Bank.

The list referred to was marked "Exhibit No. 204, January 22, 1913," and will be found printed in full following volume 25.

Mr. UNTERMYER. I offer next a list of shares of the Mechanics & Metals Bank of New York.

The list referred to was marked "Exhibit No. 205, January 22, 1913," and will be found printed in full following volume 25.

Mr. UNTERMYER. I offer a list of shares of the Hanover National Bank of New York City.

The list referred to was marked "Exhibit No. 206, January 22, 1913," and will be found printed in full following volume 25.

Mr. UNTERMYER. I offer a list of shareholders of the First National Bank of Chicago, Ill.

The list referred to was marked "Exhibit No. 207, January 22, 1913," and will be found printed in full following volume 25.

Mr. UNTERMYER. I offer a list of shareholders of the National Shawmut Bank of Boston.

The list referred to was marked "Exhibit No. 208, January 22, 1913," and will be found printed in full following volume 25.

Mr. UNTERMYER. I offer a list of the shareholders of the First National Bank of Boston.

The list referred to was marked "Exhibit No. 209, January 22, 1913," and will be found printed in full following volume 25.

Mr. UNTERMYER. I offer a list of the shareholders of the Mellon National Bank of Pittsburgh, Pa.

The list referred to was marked "Exhibit No. 210, January 22, 1913," and will be found printed in full following volume 25.

Mr. UNTERMYER. I offer a list of the shareholders of the Mercantile National Bank of St. Louis, Mo.

The list referred to was marked "Exhibit No. 211, January 22, 1913," and will be found printed in full following volume 25.

Mr. UNTERMYER. I next offer a list of the stockholdings of the First National Bank of New York.

The list referred to was marked "Exhibit No. 212, January 22, 1913," and will be found printed in full following volume 25.

Mr. UNTERMYER. I now offer in evidence data relating to the First National Bank of New York, showing first the syndicate transactions of the First National Bank and the First Security Co. from January 1, 1903, to January 1, 1913; next, the original purchases by the First National Bank in syndicate operations, and with whom they were associated in the issue of those securities; next, the securities which have been publicly offered by the First National Bank, either alone or in conjunction with others, and the names of those publicly associated in the issues from January 1, 1903, to January 1, 1913. The purpose of this is to show the extent of the partnership or joint-account relationships between those concerns.

The data referred to were marked "Exhibit No. 213, January 22, 1913," and will be found printed in full following volume 25.

Mr. UNTERMYER. I offer next a schedule, supplied by the First National Bank, of corporations in which an officer or director of the First National Bank is a voting trustee with cotrustees.

The schedule referred to was marked "Exhibit No. 214, January 22, 1913," and will be found printed in full following volume 25.

Mr. UNTERMYER. Lee, Higginson & Co. have furnished two volumes of transactions and a supplemental list, which I offer in evidence.

The two volumes referred to were marked respectively "Exhibit No. 215, January 22, 1913," and "Exhibit No. 216, January 22, 1913," and will be found printed in full following volume 25.

A letter accompanying Exhibits Nos. 215 and 216 was marked "Exhibit No. 217, January 22, 1913," and a series of lists showing directorships held in corporations by members of the firm of Lee, Higginson & Co. was marked "Exhibit No. 217½, January 22, 1913." The above exhibits will be found printed following volume 25.

Mr. UNTERMYER. I offer in evidence now a list of corporations and associations in which the members of the firm of Lee, Higginson & Co. are directors or trustees, showing that members of that firm are directors in 66 interstate corporations. I am not sure whether that includes any others than interstate corporations.

The list referred to was marked "Exhibit No. 218, January 22, 1913," and will be found printed in the record following volume 25.

I read the following from the syndicate agreement of February 26, 1901, between J. P. Morgan & Co. and the synidcate subscribers, relative to the organization of the United States Steel Corporation. The agreement, after reciting that J. P. Morgan & Co., acting for the syndicate, are about to enter into contracts with the steel corporation to transfer to it, in exchange for its securities, the stocks of certain named other corporations, provides in its first article that—

J. P. Morgan & Co. shall have power and authority from time to time, in such manner and on such terms as from time to time, either generally or in special cases, they may deem expedient, (1) publicly or otherwise to offer, or to agree to deliver, or to cause to be delivered, in such amounts and at such general or special rates as, from time to time, either generally or in special cases, they may deem expedient, shares of the preferred stock and shares of the common stock and bonds of the steel company in exchange for or in purchase of any of the stocks of any of the other companies named in said proposed contracts that shall be delivered to J. P. Morgan & Co., or as they may direct; and (2) by the use of any of the stocks or of any of the bonds of the steel company, deliverable under said proposed contracts, or of moneys provided or derived under the terms of this agreement, to acquire all or any of the stocks or of the bonds, or both, of all or of any of the other companies above referred to.

And in its twelfth article that—

J. P. Morgan & Co. shall have full power, in their discretion, to agree with the steel company upon the terms and provisions of such proposed contracts, and as to the amount of the preferred stock and the common stock and bonds of the steel company to be issued and delivered under said proposed contracts; and, also, they shall have full power and authority from time to time to enter into any agreements with the steel company modifying the said proposed contracts as they may deem expedient. Any and all contracts with the steel company made by J. P. Morgan & Co. in behalf of the syndicate shall be open to inspection by any subscriber at the office of J. P. Morgan & Co.

This agreement constitutes Exhibit 3 of the report of the Commissioner of Corporations on the United States Steel Corporation, which report is incorporated in the record of the Stanley committee in pamphlet No. 63.

The agreement of March 1, 1901, between J. P. Morgan & Co., acting for the syndicate, and the United States Steel Corporation in part recites and provides as follows:

Whereas each of the corporations, the capital stock of which it is proposed now to acquire hereunder, has been organized and now is existing under the laws of the State of New Jersey and has outstanding capital stock divided into shares each of the par value of $100 (excepting the Carnegie Co., of which the capital stock is divided into shares of the par value of $1,000), and divided also into classes as next hereinafter stated, the said corporations and the total outstanding capital stock and the classes thereof being as follows, to wit:

Name of corporation.	Total outstanding capital stock.	
	Preferred.	Common.
American Sheet Steel Co.	$24,500,000	$24,500,000
American Steel Hoop Co.	14,000,000	19,000,000
American Steel & Wire Co.	40,000,000	50,000,000
American Tin Plate Co.	18,325,000	28,000,000
Carnegie Co.		160,000,000
Federal Steel Co.	53,260,900	46,484,300
National Steel Co.	27,000,000	32,000,000
National Tube Co.	40,000,000	40,000,000

And whereas the Carnegie Co. has issued, and there are now outstanding, its 5 per cent bonds for the aggregate principal sum of $160,000,000; and

Whereas the syndicate has arranged for the acquisition of substantially all of the bonds and the stock of the Carnegie Co.; and

Whereas in reliance upon this contract the syndicate is endeavoring to effect the acquisition and the delivery of all of the bonds of the Carnegie Co., and all of the outstanding shares of the capital stock of all of said corporations, upon the terms herein provided;

Now, therefore, in consideration of the premises and of other good and valuable considerations, and of the efforts and expenses which both parties recognize will have to be made and incurred by the syndicate in their endeavor to consummate such sale:

First. The steel company agrees with J. P. Morgan & Co., acting in behalf of the syndicate, as follows:

(1) If, on or before May 31, 1901, J. P. Morgan & Co. in behalf of the syndicate shall—

(*a*) Sell and deliver, or cause to be sold and delivered, to the steel company at least 51 per cent of such outstanding shares of the capital stock of each of the corporations above named, or of such of said corporations as finally shall be embraced within the operation of this agreement with the approval of the steel company, which 51 per cent of the total outstanding capital stock of each of such corporations shall include not less than 51 per cent of the total outstanding preferred stock, if any, of such company; and also all of the $160,000,000 of bonds of the Carnegie Co. now outstanding, or such lesser amount thereof as shall be tendered by J. P. Morgan & Co.; and

(*b*) Shall pay, or shall cause to be paid, to the steel company $25,000,000 in cash.

(2) The steel company will purchase such shares and bonds and in payment and consideration for such stock and bonds, and for such case, will issue to such persons as J. P. Morgan & Co., in behalf of the syndicate, shall indicate shares of its preferred stock and shares of its common stock (all of which shall be fully paid and nonassessable), and also its 5 per cent gold bonds (which bonds shall be of such form and tenor and shall be secured as J. P. Morgan & Co. may determine), as follows:

(*a*) In the event that the steel company shall acquire all the shares of the capital stock of all of such other corporations and all such bonds of the Carnegie Co., the steel company will issue for all such stock and such bonds and

such sum in cash 4,249,985 shares of its preferred stock and 4,249,985 shares of its common stock and also $304,000,000 of its said 5 per cent gold bonds.

(*b*) In the event that the steel company shall not acquire all the shares of the capital stock of all of such other corporations and all such bonds of the Carnegie Co. the steel company will issue for the shares of stock and the bonds which shall be acquired and said sum in cash 4,249,985 shares of its preferred stock and 4,249,985 shares of its common stock and $304,600,000 of its 5 per cent gold bonds, less abatement and deduction therefrom to be made as follows.

This agreement constitutes Exhibit 1 of the aforesaid report of the commissioner of corporations.

2. The circular letter of March 2, 1901, addressed by J. P. Morgan & Co. as syndicate managers to stockholders of the various companies composed to be taken over by the United States Steel Corporation, states that:

The forms of the new bonds and of the indenture securing the same and of the certificates for the new preferred and common shares, and the entire plan of organization and management of the United States Steel Corporation, shall be determined by J. P. Morgan & Co.

This circular constitutes Exhibit 4 of the aforesaid report of the commissioner of corporations.

At 4.10 o'clock p. m. the subcommittee adjourned until to-morrow, Thursday, January 23, 1913, at 11 o'clock a. m.

MONEY TRUST INVESTIGATION

INVESTIGATION

OF

FINANCIAL AND MONETARY CONDITIONS IN THE UNITED STATES

UNDER

HOUSE RESOLUTIONS NOS. 429 AND 504

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY

PART 25

WASHINGTON
GOVERNMENT PRINTING OFFICE
1913

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY.

HOUSE OF REPRESENTATIVES.

ARSÈNE P. PUJO, Louisiana, *Chairman.*

WILLIAM G. BROWN, West Virginia.	GEORGE A. NEELEY, Kansas.
ROBERT L. DOUGHTON, North Carolina.	HENRY McMORRAN, Michigan.
HUBERT D. STEPHENS, Mississippi.	EVERIS A. HAYES, California.
JAMES A. DAUGHERTY, Missouri.	FRANK E. GUERNSEY, Maine.
JAMES F. BYRNES, South Carolina.	WILLIAM H. HEALD, Delaware.

R. W. FONTENOT, *Clerk.*
A. M. MCDERMOTT, *Assistant Clerk.*

MONEY TRUST INVESTIGATION.

SUBCOMMITTE OF THE
COMMITTEE ON BANKING AND CURRENCY,
HOUSE OF REPRESENTATIVES.
Washington, D. C., Thursday, January 23, 1913.

The subcommittee met at 11.15 o'clock a. m.

Present: Messrs. Pujo (chairman), Stephens, Daugherty, Neeley, Byrnes, and Doughton.

Present also: Samuel Untermyer, Esq., of New York City, counsel for the committee.

TESTIMONY OF THOMAS W. JOYCE.

The witness was sworn by the chairman.

Mr. UNTEMYER. Will you be good enough to state your residence and occupation?

Mr. JOYCE. 663 Willoughby Avenue, Brooklyn, N. Y. I occupy a position with J. P. Morgan & Co. known as that of security clerk.

Mr. UNTERMYER. How long have you been connected with J. P. Morgan & Co.?

Mr. JOYCE. Twenty-eight years.

Mr. UNTERMYER. Will you be good enough to describe the business of the department over which you preside, in which your position is known as that of security clerk?

Mr. JOYCE. My principal business is to receive and deliver securities and record the particulars of same for the uses of the firm.

Mr. UNTERMYER. Do you keep the books in your department or are they kept under your direction?

Mr. JOYCE. They are kept under my direction.

Mr. UNTERMYER. Have you brought with you a statement of the amount on deposit by J. P. Morgan & Co. with each of the different banks, as of January 2, 1912, and November 1, 1912?

Mr. JOYCE. I believe such a list has been furnished. I have not got it in my possession.

Mr. UNTERMYER. I would like to have Mr. Joyce produce that list, Mr. Lindabury.

Mr. Lindabury produced certain papers.

Mr. UNDERMYER. In answer to the request, the firm of J. P. Morgan & Co. produces two statements, from which we ask that there be marked in evidence the names of the banks with the deposit in each of J. P. Morgan & Co., which is the information for which I asked. The other two columns are not to be part of the record.

The papers referred to were marked, "Exhibits Nos. 219 and 220, January 23, 1913," and will be found printed in the record following volume 25.

Mr. UNTERMYER. Have you anything to do with the bank accounts of J. P. Morgan & Co.?

Mr. JOYCE. No, sir.

Mr. UNTERMYER. Do you know in what way the deposits of money with the firm are disposed of, and how they are invested?

Mr. JOYCE. I do not.

Mr. UNTERMYER. You have charge of the investments, have you not?

Mr. JOYCE. No, sir; only as custodian.

Mr. UNTERMYER. But as custodian you have charge of the securities held by the firm of J. P. Morgan & Co. for its own account?

Mr. JOYCE. And its clients.

Mr. UNTERMYER. And for the account of its clients?

Mr. JOYCE. Yes.

Mr. UNTERMYER. In what way are the securities held for the depositors of J. P. Morgan & Co.? Are there any separate accounts showing the allotment, to those that deposit with J. P. Morgan & Co., on any given securities?

Mr. JOYCE. Do you mean to say a separate record kept of them?

Mr. UNTERMYER. No; but is there any way of identifying them? For instance, if the International Harvester Co. is a depositor with J. P. Morgan & Co., are there any securities kept apart as against that deposit?

Mr. JOYCE. Against the cash deposit, do you refer to?

Mr. UNTERMYER. Yes; against cash deposits; against checks?

Mr. JOYCE. The records kept by me would only show what securities were in the possession of J. P. Morgan & Co. I would have no control over how it was applied.

Mr. UNTERMYER. No; but would you have any record that would enable the committee to ascertain whether any securities whatever are appropriated to or set apart for the moneys that J. P. Morgan & Co. hold as depository?

Mr. JOYCE. My records would not show any transaction of that kind.

Mr. UNTERMYER. So far as you know, are any securities of any kind held, or is there any security whatever other than the responsibility of the firm, as against these deposit accounts—these deposit liabilities of the firm?

Mr. JOYCE. I do not grasp the meaning of your question.

Mr. UNTERMYER. Let me see if I can make it perfectly plain. It appears that on January 1, 1912, Messrs. Morgan had on deposit, belonging to certain corporations, upward of $100,000,000, I forget the exact amount.

Now, what I want to know is whether or not there is any security against those deposits other than the responsibility of the firm and its obligations?

Mr. JOYCE. You mean securities held for our clients?

Mr. UNTERMYER. No; securities held as against those deposits or appropriated as against them.

Mr. JOYCE. I do not know of any.

Mr. UNTERMYER. You do not know of any?

Mr. JOYCE. No, sir.

Mr. UNTERMYER. So far as you know, there is no such account, and there is no such method of dealing?

Mr. JOYCE. As I understand your question.

Mr. UNTERMYER. What becomes of these moneys that are deposited by interstate corporations with J. P. Morgan & Co., these cash deposits?

Mr. JOYCE. I do not have anything to do with that particular part of the business.

Mr. UNTERMYER. Do you know whether they are invested?

Mr. JOYCE. I do not know.

Mr. UNTERMYER. Would not the books of your department contain any entries relating to that subject; would they not show against what these securities are held?

Mr. JOYCE. The books of my department would show the receipt and delivery of securities for the clients of the firm, of the firm's own accounts.

Mr. UNTERMYER. Your books would also show the ownership or holding of securities for account of firms?

Mr. JOYCE. Yes, sir.

Mr. UNTERMYER. And would they also show the obligations against which these securities are held?

Mr. JOYCE. No, sir.

Mr. UNTERMYER. They would not show the debt?

Mr. JOYCE. Not unless they were held as collateral to a loan.

Mr. UNTERMYER. But apart from that, if they were all out of deposits by customers, the amount of deposits representing the debt would not show in your books or in your department, would it?

Mr. JOYCE. No, sir.

Mr. UNTERMYER. Have you anything to do with the underwriting?

Mr. JOYCE. No, sir.

Mr. UNTERMYER. No relation to it at all?

Mr. JOYCE. No, sir.

Mr. UNTERMYER. Do you know the business, or that branch of it, at all?

Mr. JOYCE. Only through my ordinary familiarity.

Mr. UNTERMYER. Have you anything to do with the allotment of securities?

Mr. JOYCE. No, sir.

Mr. UNTERMYER. That is in another department, is it?

Mr. JOYCE. It is done by the firm.

Mr. UNTERMYER. Do you know whether there are lists kept by the firm, of corporations and individuals and firms, from which those to whom these allotments are made are selected?

Mr. JOYCE. I do not.

Mr. UNTERMYER. You know nothing about that?

Mr. JOYCE. No.

Mr. UNTERMYER. And you do not know anything about who were the participants in this underwriting?

Mr. JOYCE. No.

Mr. UNTERMYER. You do not get any information on that subject in your department?

Mr. JOYCE. Not until we have to deliver securities; that is all. I know to whom I deliver securities.

Mr. UNTERMYER. In cases in which no delivery of securities is made to the underwriters, but securities are sold by the firm, then the transaction does not come to you?

Mr. JOYCE. No.

Mr. UNTERMYER. Have you brought any books or papers with you?

Mr. JOYCE. I have not.

Mr. UNTERMYER. Are you the custodian of the documents of the firm, such as agreements, voting trust agreements, and the like?

Mr. JOYCE. No, sir.

Mr. UNTERMYER. That is in another department?

Mr. JOYCE. That is kept by the firm.

Mr. UNTERMYER. And not within your jurisdiction?

Mr. JOYCE. No, sir.

Mr. UNTERMYER. The records kept under your direction would show, however, would they not, the amount of securities in the various constituent companies that were combined into the United States Steel Co., that were owned by the firm of J. P. Morgan & Co. at the time of the combination?

Mr. JOYCE. The records would show the securities owned by those companies if they had on deposit with us any securities.

Mr. UNTERMYER. I am not speaking of the securities owned by those companies, but I am speaking of securities owned by J. P. Morgan & Co. in those companies. Your records would show that, would they not?

Mr. JOYCE. Yes.

Mr. UNTERMYER. Have you brought those records with you?

Mr. JOYCE. No.

Mr. UNTERMYER. Mr. Lindabury, we asked in this letter to you of January 24, as follows:

> The committee would like also a statement of the holdings of Messrs. J. P. Morgan & Co. in stocks of the constituent companies that were transferred to the United States Steel Corporation at or about the time of the transfer, showing the interest of Messrs. Morgan & Co. in the securities that were exchanged for United States Steel securities.

Have you brought such a list?

Mr. LINDABURY. No; we have not brought that.

Mr. UNTERMYER. Have you been asked to prepare such a list from your books?

Mr. JOYCE. No, sir.

Mr. UNTERMYER. The data in your office would show the extent of such ownership, would it not?

Mr. JOYCE. The records would show if there were any securities owned.

Mr. UNTERMYER. Yes. Have you any recollection as to the securities that were owned by J. P. Morgan & Co. that went into the consolidation?

Mr. JOYCE. I can not recall; I can not remember.

Mr. UNTERMYER. You can not remember any of them?

Mr. JOYCE. No sir,

Mr. UNTERMYER. Can you give us any approximate idea of what the amount of them was?

Mr. JOYCE. I can not remember.

Mr. UNTERMYER. There were such securities, were there not?

Mr. JOYCE. My recollection is that securities that went in the United States Steel Corporation were deposited with various trust companies and depositories.

Mr. UNTERMYER. But before being deposited with various trust companies and depositories for exchange, were they not first in your possession, after they were acquired by J. P. Morgan & Co., if they were so acquired?

Mr. JOYCE. I do not recall.

Mr. UNTERMYER. Do you mean to say that you do not know whether or not you did turn over any such securities under any deposit arrangement?

Mr. JOYCE. I may have turned over some securities, but what they were I do not remember.

Mr. UNTERMYER. You remember the names of these constituent companies, do you not?

Mr. JOYCE. Some of them; yes, sir.

Mr. UNTERMYER. Do you remember the American Steel Hoop Co.?

Mr. JOYCE. Yes.

Mr. UNTERMYER. Did the firm have any of those securities at the time of the reorganization, or did it turn over any for deposit?

Mr. JOYCE. I can not remember.

Mr. UNTERMYER. And is your answer the same for the American Tin Plate Co.?

Mr. JOYCE. Yes.

Mr. UNTERMYER. And is it the same as to the American Steel Wire Co.?

Mr. JOYCE. Yes.

Mr. UNTERMYER. And as to the American Sheet Steel Co.?

Mr. JOYCE. Yes.

Mr. UNTERMYER. And as to the Federal Steel Co.?

Mr. JOYCE. Yes.

Mr. UNTERMYER. Do you not know that your firm had large holdings in the Federal Steel Co.?

Mr. JOYCE. I can not remember. It is 13 years ago.

Mr. UNTERMYER. Is your answer the same as to the National Steel Company?

Mr. JOYCE. Yes

Mr. UNTERMYER. And as to the National Tube Co.?

Mr. JOYCE. Yes.

Mr. UNTERMYER. Had not J. P. Morgan & Co. originally issued the Federal Steel Co. and been concerned in its organization?

Mr. JOYCE. I think they did.

Mr. UNTERMYER. And the National Tube Co.?

Mr. JOYCE. Yes.

Mr. UNTERMYER. Does not that refresh your memory so as to enable you to say whether or not they were very large holders of those securities at the time the securities were acquired or called for under the arrangement for the reorganization of the United States Steel Corporation?

Mr. JOYCE. As you read the names, I recalled the names, but I could not say anything as to the amounts that they owned, or whether they owned any or not.

Mr. UNTERMYER. You have not refreshed your recollection, or been asked to do so since you were notified you would be required to appear here?

Mr. JOYCE. No, sir.

Mr. UNTERMYER. Have you anything to do with the department concerned with the issue of securities—I mean the issue of new securities—by Messrs. Morgan & Co. as bankers? Have you anything to do with the department concerned in the issue of those securities?

Mr. JOYCE. In what capacity do you mean?

Mr. UNTERMYER. In any capacity.

Mr. JOYCE. If securities were received by J. P. Morgan & Co. they would be under my custody.

Mr. UNTERMYER. Then it is a fact that your business is confined purely to that of being custodian of the securities?

Mr. JOYCE. Custodian.

Mr. UNTERMYER. Without any knowledge or information as to the way in which they come into the possession of J. P. Morgan & Co. or the way that they go out of it—is that right?

Mr. JOYCE. Yes, sir.

Mr. UNTERMYER. Have you produced here any of the records concerned with the voting trust of the Southern Railway?

Mr. LINDABURY. My recollection is that the request last alluded to and some others were made of the firm and not of the witness, and the witness has not been spoken to about it; but I think we have it.

Mr. UNTERMYER. Very well.

Mr. LINDABURY. I think it is fair to the witness to say that I did not show him that or confer with him on the subject.

Mr. UNTERMYER. I do not think that Mr. Joyce knows very much about these facts. We understood that he did. In fact, we were informed that he did.

Mr. Joyce, does this list that has been produced here contain a statement of all the depositories of J. P. Morgan & Co.—all the banks in which they deposit funds?

Mr. JOYCE. May I see that list?

Mr. LINDABURY. It is conceded by counsel for the firm that the list produced represents all the depositories of the firm of J. P. Morgan & Co.

Mr. UNTERMYER. Mr. Joyce, we will excuse you and ask Mr. Davison take the stand.

TESTIMONY OF HENRY P. DAVISON.

The witness was sworn by the chairman.

Mr. UNTERMYER. Please state your residence and occupation.

Mr. DAVISON. New York City; and I am a member of the firm of J. P. Morgan & Co.

Mr. UNTERMYER. How long have you been a member of that firm?

Mr. DAVISON. Since the 1st of January, 1909.

Mr. UNTERMYER. Prior to that what was your occupation?

Mr. DAVISON. I was vice president of the First National Bank.

Mr. UNTERMYER. When did you become vice president of that bank?

Mr. DAVISON. On the 1st of January, 1902.

Mr. UNTERMYER. And before that time had you been connected with the bank?

Mr. DAVISON. No; I had not.

Mr. UNTERMYER. Had you been in the banking business before that?

Mr. DAVISON. Yes; I was president of the Liberty National Bank. I resigned that position to take the position with the First National Bank.

Mr. UNTERMYER. Was Mr. Converse then connected with the Liberty National Bank when you were president?

Mr. DAVISON. He was a director; yes, sir.

Mr. UNTERMYER. Was he the chairman of the board?

Mr. DAVISON. He was not.

Mr. UNTERMYER. Had he not been the president of that bank?

Mr. DAVISON. No; he had not.

Mr. UNTERMYER. Did he succeed you?

Mr. DAVISON. He succeeded me.

Mr. UNTERMYER. That is Mr. Edward C. Converse?

Mr. DAVISON. Yes.

Mr. UNTERMYER. He is a member of the executive committee of the United States Steel Corporation, is he not?

Mr. DAVISON. I think there is no executive committee of the United States Steel Corporation.

Mr. UNTERMYER. He is not, then?

Mr. DAVISON. No; he is not.

Mr. UNTERMYER. He is a director of the United States Steel Corporation, is he not?

Mr. DAVISON. I believe he is.

Mr. UNTERMYER. Was he or not a director and largely interested in the National Tube Co., which was merged in the United States Steel Corporation, through a stockholding?

Mr. DAVISON. I can not speak positively. My understanding—my recollection—is that he was president of the National Tube Co., and I have supposed that he was largely interested, but I do not know of my own knowledge.

Mr. UNTERMYER. You know nothing, personally, about the facts surrounding the organization of the United States Steel Corporation?

Mr. DAVISON. No; I do not.

Mr. UNTERMYER. That preceded your connection with the First National, did it not?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Were you in no way connected with the United States Steel Corporation organization through your relations as president of the Liberty Bank?

Mr. DAVISON. I do not think I quite understand that.

Mr. UNTERMYER. You were president of the Liberty Bank, were you not, at the time the United States Steel Corporation was organized?

Mr. DAVISON. Yes.

Mr. UNTERMYER. As president of the Liberty Bank, did you have any connection with the organization of the United States Steel Corporation or with the underwriting of its securities?

Mr. DAVISON. As president of the Liberty National Bank?

Mr. UNTERMYER. Either as president of the Liberty National Bank or in any other connection or capacity.

Mr. DAVISON. Are you asking me if I had a personal interest in the underwriting?

Mr. UNTERMYER. I ask whether you had an interest personally or in a representative capacity?

Mr. DAVISON. I had no interest in a representative capacity.

Mr. UNTERMYER. Then you were an underwriter personally, were you?

Mr. DAVISON. I was, to a very small extent, I am sorry to say.

Mr. UNTERMYER. What I am trying to get at is to ascertain whether you had any active cooperation with or connection with the organization of that company.

Mr. DAVISON. Absolutely none.

Mr. UNTERMYER. So that you are not familiar with any of those facts?

Mr. DAVISON. Not at all.

Mr. UNTERMYER. Are you still a director in the Liberty Bank?

Mr. DAVISON. I am.

Mr. UNTERMYER. Are you a member of the executive committee?

Mr. DAVISON. I am.

Mr. UNTERMYER. Who are the members of the executive committee of that bank; do you remember?

Mr. DAVISON. It is a pretty long list.

Mr. UNTERMYER. The executive committee is a long list?

Mr. DAVISON. A long list.

Mr. UNTERMYER. How long a list is the entire board?

Mr. DAVISON. I do not recall, exactly; I think it is 23 or 24 or 25, and I think the executive committee is composed of about 12 members. I can give you a list if you desire it.

Mr. UNTERMYER. Yes; if you will, please.

Mr. DAVISON. Do you want the full names?

Mr. UNTERMYER. If you please.

Mr. DAVISON. E. C. Converse, Otis H. Cutler, George B. Case, Arthur F. Luke, D. E. Pomeroy, Seward Prosser, D. G. Reid, C. H. Sabin, F. B. Schenck, C. H. Stout, A. H. Wiggin, and myself—12 members.

Mr. UNTERMYER. Who is chairman of the executive committee?

Mr. DAVISON. I am.

Mr. UNTERMYER. Do you recall the capital and surplus of the bank?

Mr. DAVISON. The capital is $1,000,000 and the surplus is——

Mr. UNTERMYER. Perhaps you can tell us approximately.

Mr. DAVISON. My recollection is that the surplus and undivided profits. by the statement of November, show as $2,790,000.

Mr. UNTERMYER. What are the deposits?

Mr. DAVISON. $25,123,000.

Mr. UNTERMYER. Is Mr. Albert H. Wiggin, who you say is a member of the executive committee, the same Mr. Wiggin who is president of the Chase Bank?

Mr. DAVISON. He is.

Mr. UNTERMYER. And is associated with you in other banks?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Is Mr. Sabin vice president of the Guaranty Trust Co.?

Mr. DAVISON. He is.

Mr. UNTERMYER. And he is associated with you in other banking boards?

Mr. DAVISON. I think not.

Mr. UNTERMYER. Are you sure of that?

Mr. DAVISON. I do not recall that he is in any other except the Guaranty Trust, of which I am chairman.

Mr. UNTERMYER. Is Daniel G. Reid the same gentleman who is one of the voting trustees of the Bankers' Trust Co. with you?

Mr. DAVISON. He is.

Mr. UNTERMYER. And is Mr. Case, who is another member of the executive committee of the Liberty Bank, your counsel?

Mr. DAVISON. He is my personal counsel; yes.

Mr. UNTERMYER. He is here?

Mr. DAVISON. He is here.

Mr. UNTERMYER. And he is of the firm of White & Case?

Mr. DAVISON. He is.

Mr. UNTERMYER. Which also represents the Bankers' Trust Co.?

Mr. DAVISON. His firm are counsel for the Bankers' Trust.

Mr. UNTERMYER. And for the Liberty Bank?

Mr. DAVISON. And for the Liberty National Bank; yes.

Mr. UNTERMYER. And also the Astor Trust?

Mr. DAVISON. For the Astor Trust; yes.

Mr. UNTERMYER. Are you a director of the Astor Trust Co.?

Mr. DAVISON. I am.

Mr. UNTERMYER. Are you a member of the executive committee?

Mr. DAVISON. I am.

Mr. UNTERMYER. Are you chairman of the executive committee?

Mr. DAVISON. I am.

Mr. UNTERMYER. Of whom is that executive committee composed?

Mr. DAVISON. The executive committee of the Astor Trust are Messrs. E. C. Converse, T. W. Lamont, E. L. Marston, G. W. McGarrah, D. E. Pomeroy, William H. Porter, Seward Prosser, D. G. Reid, Benjamin Strong, jr., Albert H. Wiggin, and myself.

Mr. UNTERMYER. Mr. Strong is the same Mr. Strong who is vice president and acting president of the Bankers' Trust Co.?

Mr. DAVISON. He is the vice president of the Bankers' Trust Co. and the executive officer. He has not the title of acting president.

Mr. UNTERMYER. Mr. Porter is a member of the firm of J. P. Morgan & Co., is he not?

Mr. DAVISON. He is.

Mr. UNTERMYER. Who is Mr. Pomeroy?

Mr. DAVISON. Mr. Pomeroy is vice president of the Bankers' Trust Co.

Mr. UNTERMYER. And is the same Mr. Pomeroy who is also a member of the executive committee of the Liberty Bank?

Mr. DAVISON. He is.

Mr. UNTERMYER. Is Mr. McGarrah the president of the Mechanics & Metals Bank?

Mr. DAVISON. He is.

Mr. UNTERMYER. Is Mr. Marston the same Mr. Marston who is president of the Farmers' Loan & Trust Co., or is it Blair & Co.?

Mr. DAVISON. Blair & Co.

Mr. UNTERMYER. Mr. Lamont, who is on the board, is also a member of J. P. Morgan & Co.?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Have you not a memorandum there showing the capital, surplus, and deposits of the Astor Trust Co.?

Mr. DAVISON. I have. The Astor Trust, as shown by their statement of September 9, have capital, $1,250,000; surplus and undivided profits, $1,368,000, and deposits, $23,250,000. Those are round numbers.

Mr. UNTERMYER. You are also a director, are you not, in the First National Bank?

Mr. DAVISON. I am.

Mr. UNTERMYER. Are you a member of the executive committee?

Mr. DAVISON. I am not.

Mr. UNTERMYER. Is there an executive committee there?

Mr. DAVISON. There is; yes.

Mr. UNTERMYER. Do you know the membership of it?

Mr. DAVISON. My recollection is that the members of the executive committee are Messrs. J. P. Morgan, F. L. Hine, and A. B. Hepburn. I am not absolutely positive of that, but that is my recollection.

Mr. UNTERMYER. Do they sit by proxy?

Mr. DAVISON. I can not say.

Mr. UNTERMYER. Was that the situation when you were at the bank?

Mr. DAVISON. The executive committee in the bank were never active when I was there. They had an executive committee, but, as a matter of fact, while I was there I never knew of their taking any action.

Mr. UNTERMYER. You are a director in the Chemical National Bank, are you?

Mr. DAVISON. I am.

Mr. UNTERMYER. And in the Bank of Commerce?

Mr. DAVISON. I am.

Mr. UNTERMYER. And in the First Security Co.?

Mr. DAVISON. I am.

Mr. UNTERMYER. Are you also a director in the Guaranty Trust Co.?

Mr. DAVISON. I am.

Mr. UNTERMYER. And in the Bankers Trust Co.?

Mr. DAVISON. I am.

Mr. UNTERMYER. Are you also one of the voting trustees in each of the two last-named companies?

Mr. DAVISON. I am.

Mr. UNTERMYER. With respect first to the Guaranty Trust Co., Mr. Davison, were you active in setting up that voting trust?

Mr. DAVISON. I do not know just what you mean by setting up the voting trust.

Mr. UNTERMYER. Was it your idea?

Mr. DAVISON. I do not recall whether it was or was not. It may have been. I was in conference on that subject when that voting trust was made.

Mr. UNTERMYER. In conference with whom?

Mr. DAVISON. With my associates in the purchase of the stock.

Mr. UNTERMYER. Did you buy the stock at that time with your associates?

Mr. DAVISON. Yes; several of us made a purchase of the stock.

Mr. UNTERMYER. Was that at the time the Mutual Life parted with its stock?

Mr. DAVISON. It was.

Mr. UNTERMYER. Do you remember the date?

Mr. DAVISON. My recollection is that it was in the early part of 1910. I can give you the exact date if you wish it.

Mr. UNTERMYER. Yes; if you will. The voting trust agreement is dated January 3, 1910.

Mr. DAVISON (after examination of memorandum). I have not the exact date. It was the early part of 1910.

Mr. UNTERMYER. That is near enough. Who negotiated that purchase for the Mutual Life on behalf of the purchaser?

Mr. DAVISON. I did.

Mr. UNTERMYER. With whom did you negotiate it?

Mr. DAVISON. Mr. Peabody, the president of the Mutual Life.

Mr. UNTERMYER. How much stock was purchased?

Mr. DAVISON. About 6,000 shares.

Mr. UNTERMYER. Was that the total holding of the Mutual Life?

Mr. DAVISON. My recollection is that it was.

Mr. UNTERMYER. What was the capital of the Guaranty Trust at that time?

Mr. DAVISON. $2,000,000.

Mr. UNTERMYER. That was 20,000 shares?

Mr. DAVISON. 20,000 shares.

Mr. UNTERMYER. Did you have any written agreement with Mr. Peabody or with the Mutual Life with respect to that purchase?

Mr. DAVISON. We had; yes.

Mr. UNTERMYER. And have you that here?

Mr. DAVISON. I have not.

Mr. UNTERMYER. Was the agreement made with you for yourself and associates?

Mr. DAVISON. My recollection is that it was.

Mr. UNTERMYER. But you were the only person named in the agreement as purchaser?

Mr. DAVISON. No; I think there were others named in the agreement.

Mr. UNTERMYER. Was Mr. Baker one of the persons named in the agreement?

Mr. DAVISON. I am not quite sure, Mr. Untermyer, who was named, but I think Mr. Baker was not. I am quite confident.

Mr. UNTERMYER. There is no objection to producing the agreement?

Mr. DAVISON. Not the slightest.

Mr. UNTERMYER. Will you supply that?

Mr. DAVISON. I will be glad to.

Mr. UNTERMYER. Was Mr. Baker a participant in the purchase?

Mr. DAVISON. My recollection is that he was not, but I am not clear. If he was, it was a very small percentage.

Mr. UNTERMYER. Was he already a holder of the stock in the Guaranty Trust at that time?

Mr. DAVISON. He must have been, as he was a director.

Mr. UNTERMYER. Were you also a director?

Mr. DAVISON. I was not.

Mr. UNTERMYER. Had you any interest in the trust company at that time?

Mr. DAVISON. None whatever.

Mr. UNTERMYER. Or Mr. Porter?

Mr. DAVISON. Not so far as I know.

Mr. UNTERMYER. Did you make it a condition, then, of buying in the Guaranty Trust that there should be a voting trust?

Mr. DAVISON. No.

Mr. UNTERMYER. Did you negotiate or deal with the large holders of stock outstanding?

Mr. DAVISON. We purchased the stock of Mrs. Harriman.

Mr. UNTERMYER. How much did she have?

Mr. DAVISON. Approximately 6,000 shares; that is my recollection.

Mr. UNTERMYER. Those two purchases gave you control?

Mr. DAVISON. Yes; gave us 12,000 shares.

Mr. UNTERMYER. That gave you 12,000 out of 20,000 shares?

Mr. DAVISON. Correct.

Mr. UNTERMYER. How was the balance of the stock held, the remaining 8,000 shares; was it pretty well scattered?

Mr. DAVISON. Pretty well scattered, I think.

Mr. UNTERMYER. There were no large holdings?

Mr. DAVISON. I think there were no very large holdings, I can not say as to that. I do not recall. I think there were one or two rather large holdings.

Mr. UNTERMYER. Of over a thousand shares each?

Mr. DAVISON. I do not remember. It was not a factor in any——

Mr. UNTERMYER (interposing). Do you remember who they were?

Mr. DAVISON. No; I do not.

Mr. UNTERMYER. At any rate you did not have any negotiations with them?

Mr. DAVISON. No; we had no negotiations with them.

Mr. UNTERMYER. When you took over this control of the Guaranty Trust for yourself and your associates through these two purchases, did you contemplate then absorbing other trust companies?

Mr. DAVISON. Mr. Untermyer, the plan of purchase of the Guaranty Trust dates back from the period of the time of the purchase.

Mr. UNTERMYER. The point I want to inquire about and which I would like to have you direct attention to is that when you effected that purchase you had in mind the absorption of other institutions into the Guaranty Trust?

Mr. DAVISON. No, sir; we had not. Quite the contrary.

Mr. UNTERMYER. Did you have in mind the absorption of the Guaranty Trust into some other institution?

Mr. DAVISON. We had. The stock of the Guaranty Trust was purchased in the interest of the Bankers Trust Co.

Mr. UNTERMYER. Did you then have in mind the absorption, either by the Bankers Trust or the Guaranty Trust or by both of them, as combined with other trust companies?

Mr. DAVISON. No, sir.

Mr. UNTERMYER. So that when you made the purchase there was no idea of any further amalgamation than that of the two trust companies?

Mr. DAVISON. You mean any specific idea; that is as to any particular——

Mr. UNTERMYER (interposing). No; but any general plan.

Mr. DAVISON. None whatever.

Mr. UNTERMYER. Or purpose of acquiring other trust companies or banks?

Mr. DAVISON. None whatever.

Mr. UNTERMYER. Did you make it a condition of acquiring the Guaranty Trust that there should be a voting trust?

Mr. DAVISON. I think I have answered no; that we did not.

Mr. UNTERMYER. It was part of the general plan by which you acquired it, was it not?

Mr. DAVISON. Not at all.

Mr. UNTERMYER. How soon after the acquisition of the stock was the voting trust created?

Mr. DAVISON. I think almost immediately after.

Mr. UNTERMYER. Was it not practically part of the same transaction?

Mr. DAVISON. Not at all.

Mr. UNTERMYER. In point of date it was concurrent, was it not?

Mr. DAVISON. I say I think it occurred practically at the same time; but the voting trust and the purchase had absolutely no relation one to the other.

Mr. UNTERMYER. When you made the purchase at the same time that you set up the voting trust, you had in mind setting up a voting trust, did you not?

Mr. DAVISON. I think I can say we had no such thought in mind when that purchase was made. My recollection is that after we had made the purchase we thought, in view of plans we contemplated, that it would be wise to create that voting trust; and we did so and offered the other stockholders an opportunity to come in and join with us.

Mr. UNTERMYER. You mean you offered them the opportunity to resign the voting rights on their shares.

Mr. DAVISON. Exactly.

Mr. UNTERMYER. That was not much of a privilege, was it?

Mr. DAVISON. They seemed to regard it as such.

Mr. UNTERMYER. You mean because they went in?

Mr. DAVISON. Because they accepted.

Mr. UNTERMYER. But where was the privilege? Since you had a majority anyway and could create a voting trust that would control the company, what privilege or advantage was it to a minority holder of stock to resign his voting rights?

Mr. DAVISON. I think, perhaps, they can answer that better than I can. They elected to accept the invitation.

Mr. UNTERMYER. Yes; but if there was any privilege or advantage in such a surrender of their rights, perhaps you will be good enough to point it out, if you can see any.

Mr. DAVISON. If we had not seen an advantage in it we would not have organized the voting trust.

Mr. UNTERMYER. I am not speaking of the advantage to the majority holders of organizing a voting trust to control the company, but what I would like to know is, what advantage was it, so far as you can see, to a minority holder to surrender his rights and go into a voting trust?

Mr. DAVISON. I do not know that we made any particular argument in favor of extending to them a privilege. We were organizing a voting trust.

Mr. UNTERMYER. I have not suggested that you did make any argument. I am trying to find out from you whether, from your

experience in financial affairs, you can see where there was any advantage to a minority holder in surrendering his voting rights and going into a voting trust, when you already controlled a majority of the stock.

Mr. DAVISON. Under the present laws I do not know that I do see any advantage in a minority holder putting his stock with the majority under a voting trust.

Mr. UNTERMYER. Why do you refer to the present laws? Are there any other laws, or any former laws anywhere, under which there would be any advantage?

Mr. DAVISON. I do not know what laws you are contemplating putting on the statute books. I referred not to laws that have been passed, but to laws in the future.

Mr. UNTERMYER. This agreement was not made with reference to any contemplated future law, was it?

Mr. DAVISON. Not at all. Do you mind my making a statement on this voting-trust question?

Mr. UNTERMYER. No. I think the committee would like to have a statement from you on this question of voting trusts of trust companies and financial institutions.

Mr. DAVISON. I should be very glad to explain the question of the voting trusts, so far as we have been associated with them. Several of the younger bankers in New York organized the Bankers Trust Co. in 1903. It was at that time that we organized the voting trust for the stock of the Bankers Trust Co. The stock of the trust company was issued, and after it was issued and turned over to the stockholders they then turned it back into a voting trust. The particular purpose of that was to preclude the purchase overnight of the control of that company by individuals who were at that time active in New York, whose credit and responsibility were somewhat under question. They were regarded as promoters, and we wanted to protect our position. We had lent our names to a financial institution that was our first undertaking in that regard, and we did not want to wake up some morning and find that these promoters had purchased control of the stock away from us. The matter was not given any very serious thought as to whether there was any objection or could be any objection on the part of anybody as to a voting trust. We thought that was a wise way to protect our situation. The trust was carried on and renewed from time to time. Perhaps you will want to take that up in some other way.

When we purchased, as we did, the majority of the stock of the Guaranty Trust Co., we purchased it with the idea of merging the Guaranty Trust Co. and the Bankers Trust Co., and our experience with the voting trust in the Bankers Trust Co. had been so very satisfactory that it suggested itself to us that it might be well to put that stock under the voting trust, and when the merger was effected it could be more simply handled.

Mr. UNTERMYER. Are you not mistaken in saying that the Bankers Trust Co. stock was first issued and was then turned back into the voting-trust arrangement as a subsequent thought or idea?

Mr. DAVISON. I did not say, Mr. Untermyer, that it was a subsequent thought or idea.

Mr. UNTERMYER. Did you not mean to imply that it was not a part of the arrangement or understanding or intention, at the time the

trust company was organized, that it should go into a voting trust?

Mr. DAVISON. I did not mean to imply anything that I did not say. What I said was, and I think I am correct in making the statement, that the stock was first issued to the stockholders and then turned back into a voting trust.

Mr. UNTERMYER. Was it not issued with the idea that it should be put into the voting trust? Was not that one of the understandings of the issue?

Mr. DAVISON. What do you mean by the understanding of the issue?

Mr. UNTERMYER. Was not that one of the conditions under which it was issued?

Mr. DAVISON. It was not.

Mr. UNTERMYER. Let us see what the agreement is. Do you remember when the stock was issued?

Mr. DAVISON. My recollection is that the company opened for business on the 30th of March, 1903.

Mr. UNTERMYER. Was not the idea of this voting trust in contemplation between you at the time the stock was issued?

Mr. DAVISON. It may have been.

Mr. UNTERMYER. Well, was it?

Mr. DAVISON. I say I do not remember. It may have been.

Mr. UNTERMYER. I will read to you from the agreement, which is dated the 18th of March, 1903, the following recital. This is the voting-trust agreement.

Mr. DAVISON. Yes.

Mr. UNTERMYER (reading):

Whereas the terms and provisions of this agreement and the execution thereof were in contemplation of all the parties at the time of their respective subscriptions to the stock of the company and formed a part of the consideration for the said subscriptions to said stock, although not recited in the subscription agreement for said stock, etc.

Does not that recital refresh your memory so that you are able to correct your statement?

Mr. DAVISON. It does not refresh my memory. What does that come from?

Mr. UNTERMYER. It comes from the Bankers' Trust Co. and is the original agreement.

Mr. DAVISON. The voting-trust agreement?

Mr. UNTERMYER. Yes; the voting-trust agreement.

Mr. DAVISON. Then it makes clear that the voting trust was contemplated. I am perfectly willing to concede that it was.

Mr. UNTERMYER. I should think you might be.

Mr. DAVISON. My statement I would like to have recorded as made, which is that the stock was first issued to the stockholders and then turned back into the voting trust. So far as that agreement or arrangement is concerned it had entirely escaped my recollection if I ever knew it.

Mr. UNTERMYER. Now that you have had your attention called to the fact there is not any doubt, is there, that it was a part of the consideration and understanding at the time the Bankers' Trust Co. was formed that it should be put under a voting trust?

Mr. DAVISON. I do not know that I quite understand your question.

Mr. UNTERMYER. I will put it again.

Mr. DAVISON. If you will.

Mr. UNTERMYER. Does not the reading of that agreement refresh your recollection so that you are able to say that the execution of the voting-trust agreement was in contemplation at the time that you subscribed to the stock and that it formed a part of the consideration for your subscription?

Mr. DAVISON. Is not that the answer to your question [indicating paper]?

Mr. UNTERMYER. There is my question. [The last question was read aloud by the stenographer.]

Mr. DAVISON. I will offer the written statement there as an answer to your question.

Mr. UNTERMYER. It is not an answer to my question. The question is whether that does not refresh your recollection as to the fact?

Mr. DAVISON. I am sorry that it does not. I do not recall it at all. I am perfectly willing to concede it, but I do not recall it.

Mr. UNTERMYER. You were starting a new trust company and you were all experienced bankers, were you not?

Mr. DAVISON. We thought we were then, perhaps, but we are not so sure now that we were.

Mr. UNTERMYER. You were all well-known bankers and heads of large banks in New York?

Mr. DAVISON. No; we were in the so-called younger generation in the banking business.

Mr. UNTERMYER. Let us see about these young men.

Mr. DAVISON. It is all comparative, you know.

Mr. UNTERMYER. The first of these young men who started into this infant enterprise is Mr. Stephen Baker. He was president of the Bank of the Manhattan Co.?

Mr. DAVISON. He was.

Mr. UNTERMYER. He was not a very young man, was he?

Mr. DAVISON. No; as I say, it is all comparative.

Mr. UNTERMYER. About how old a man should you say he was in 1903? That is nearly 10 years ago.

Mr. DAVISON. I should say that Mr. Baker was perhaps 40 in 1903; a pretty young man.

Mr. UNTERMYER. Was he related to George Baker?

Mr. DAVISON. I think not.

Mr. UNTERMYER. The next young man is Samuel G. Bayne, president of the Seaboard National Bank.

Mr. DAVISON. Well, you know Mr. Bayne.

Mr. UNTERMYER. He is well over 70, is he not?

Mr. DAVISON. I do not think so. I do not know. He is pretty active.

Mr. UNTERMYER. You know his son, do you not?

Mr. DAVISON. Yes; I think I do.

Mr. UNTERMYER. And his grandchildren?

Mr. DAVISON. No; I am sorry to say I do not.

Mr. UNTERMYER. He was the head of one of the great banks of New York?

Mr. DAVISON. Yes.

Mr. UNTERMYER. And he is still?
Mr. DAVISON. Yes.
Mr. UNTERMYER. The Bank of Manhattan is one of the large banks?
Mr. DAVISON. Yes.
Mr. UNTERMYER. And was then, was it not?
Mr. DAVISON. Yes.
Mr. UNTERMYER. The next young man was Edward C. Converse. He is a man well on in years, is he not?
Mr. DAVISON. As I say, it is all comparative.
Mr. UNTERMYER. He is a man in the neighborhood of 70 years of age?
Mr. DAVISON. I think not. I think Mr. Converse—I do not know.
Mr. UNTERMYER. Well, 60 or so?
Mr. DAVISON. I should say he is 61 or 62.
Mr. UNTERMYER. And he was the president of what bank?
Mr. DAVISON. He was president of no bank.
Mr. UNTERMYER. He was connected with the Liberty Bank at that time—in 1903?
Mr. DAVISON. Yes; he was president of the Liberty Bank.
Mr. UNTERMYER. Which is also an important institution?
Mr. DAVISON. Yes.
Mr. UNTERMYER. The next man on the list is Mr. Davison.
Mr. DAVISON. You would not argue about his youthfulness?
Mr. UNTERMYER. He was vice president of the First National Banks?
Mr. DAVISON. Yes.
Mr. UNTERMYER. We will concede that you were a young man and still are.
Mr. James H. Eccles is a young man? He was president of the Commercial National Bank of Chicago?
Mr. DAVISON. Yes.
Mr. UNTERMYER. And he had been Comptroller of the Currency?
Mr. DAVISON. Yes.
Mr. UNTERMYER. He was a man of large experience in banking affairs?
Mr. DAVISON. Very.
Mr. UNTERMYER. A man of great experience. The next director is Granville A. Garth. Is he a young man?
Mr. DAVISON. It is all comparative. We thought he was and he thought he was.
Mr. UNTERMYER. About 50?
Mr. DAVISON. At that time I should say about 35.
Mr. UNTERMYER. The next man is Barton W. Hepburn. on that board?
Mr. DAVISON. Yes.
Mr. UNTERMYER. He was president of the Chase Bank?
Mr. DAVISON. I can see now that we were unduly modest. We thought we were young men. Put it that way; I will qualify it.
Mr. UNTERMYER. You thought you were all young men that had to be protected from promoters in the Street?
Mr. DAVISON. The question of age did not govern us in that regard.
Mr. UNTERMYER. Well, we will find out how much protection you

needed from promoters in the Street. Mr. Hepburn was a man of probably 60 years of age, around that?

Mr. DAVISON. I should say nearer 45.

Mr. UNTERMYER. A man of wide experience in the banking world?

Mr. DAVISON. That is also comparative.

Mr. UNTERMYER. You regarded him as a man of wide experience, did you not?

Mr. DAVISON. Pretty wide experience, I should say.

Mr. UNTERMYER. He was a director in the First National Bank?

Mr. DAVISON. I think not.

Mr. UNTERMYER. Not at that time?

Mr. DAVISON. I think not.

Mr. UNTERMYER. He was connected with other banking institutions?

Mr. DAVISON. My recollection is that he was vice president of the Chase National Bank.

Mr. UNTERMYER. William Logan. Do you remember him?

Mr. DAVISON. Yes.

Mr. UNTERMYER. He was the next director?

Mr. DAVISON. Yes.

Mr. UNTERMYER. He was in the Hanover Bank?

Mr. DAVISON. He was.

Mr. UNTERMYER. Mr. McGarrah. He was an important banking man, was he not?

Mr. DAVISON. We thought so.

Mr. UNTERMYER. He was president of the Leather Manufacturers' National Bank?

Mr. DAVISON. He was.

Mr. UNTERMYER. The next young man on the list was George W. Perkins. He was then a partner of J. P. Morgan & Co.?

Mr. DAVISON. He was.

Mr. UNTERMYER. He is among the men that needed protection from the promoters in the Street?

Mr. DAVISON. We felt so.

Mr. UNTERMYER. And William H. Porter is the next man. He was president of the Chemical Bank?

Mr. DAVISON. I think not; no.

Mr. UNTERMYER. Oh, yes he was.

Mr. DAVISON. I do not think so.

Mr. UNTERMYER. It states so.

Mr. DAVISON. He afterwards became president.

Mr. UNTERMYER. No; he was president in 1903, was he not?

Mr. DAVISON. I do not think so. If it states so he was, but I did not recall it. I am surprised if that is so.

Mr. UNTERMYER. I think Mr. Williams went out in 1902.

Mr. DAVISON. If he did, then Mr. Porter succeeded him.

Mr. UNTERMYER. That would refresh your memory, would it not?

Mr. DAVISON. Yes. I did not realize it was so late.

Mr. UNTERMYER. The next young man on the list is Daniel G. Reid.

Mr. DAVISON. Yes.

Mr. UNTERMYER. He is an inexperienced gentleman, who needed protection from promoters in the Street.

Mr. DAVISON. You are arguing the fact; I am stating our reasons.

Mr. UNTERMYER. What was his connection with the Liberty Bank at that time?

Mr. DAVISON. He was vice president of it.

Mr. UNTERMYER. Albert H. Wiggin was another of these gentlemen, was he not?

Mr. DAVISON. Yes.

Mr. UNTERMYER. He was vice president of the Park Bank at that time?

Mr. DAVISON. That is my recollection.

Mr. UNTERMYER. Mr. Edward F. C. Young was not a very young man, was he? He has died since, has he not?

Mr. DAVISON. Yes.

Mr. UNTERMYER. He was a very old man?

Mr. DAVISON. Mr. Young, I think, was over 60 at that time.

Mr. UNTERMYER. And Mr. Wolverton, president of the Gallatin National Bank?

Mr. DAVISON. I do not recollect. If it states so there on that paper, he was.

Mr. UNTERMYER. I want to call your attention to the last of these young men; that is, Mr. Robert Winsor, of Kidder, Peabody & Co. He was senior partner of Kidder, Peabody & Co., was he not?

Mr. DAVISON. I could not say as to that. He is the important partner of Kidder, Peabody & Co.

Mr. UNTERMYER. He is the important partner of Kidder, Peabody & Co. and one of the most experienced bankers in the country?

Mr. DAVISON. That is comparative, also.

Mr. UNTERMYER. He is an influential banker?

Mr. DAVISON. A very important man.

Mr. UNTERMYER. And it is a national banking house and an international banking house?

Mr. DAVISON. I should regard it as international.

Mr. UNTERMYER. These gentlemen were the participants in the stock; the stock was divided between them, was it not?

Mr. DAVISON. They participated in the issue of stock; yes.

Mr. UNTERMYER. Were there any other people concerned? Was the stock divided originally among the men who went on that board?

Mr. DAVISON. It was not.

Mr. UNTERMYER. Do you know the proportion of the stock they received?

Mr. DAVISON. Yes.

Mr. UNTERMYER. How much stock was represented by those directors?

Mr. DAVISON. Let me see. I can only——

Mr. UNTERMYER. If you do not remember, we will let it pass.

Mr. DAVISON. It was less than a majority; I am confident of that.

Mr. UNTERMYER. Who held the rest?

Mr. DAVISON. The stock was placed where it was thought it would do the most good.

Mr. UNTERMYER. Mr. Converse held a large part of it, did he not?

Mr. DAVISON. Not a large part; no.

Mr. UNTERMYER. Did he not?

Mr. DAVISON. No. We were a little bit modest in those days.

Mr. UNTERMYER. Look at the agreement [showing witness Exhibit 54, of Dec. 11, 1912] and the copies of the signatures and tell me if that does not refresh your memory so that you are able to say that the stock was held by the subscribers to the voting trust agreement?

Mr. DAVISON. I do not call that a very large holding. He held 390 shares, according to that statement.

Mr. UNTERMYER. That is a list of the stockholders, is it not?

Mr. DAVISON. I would not call this a satisfactory list of the stockholders to give you the information you are after.

Mr. UNTERMYER. If there is anything wrong about it, will you be good enough to supply a substitute list?

Mr. DAVISON. As of what date?

Mr. UNTERMYER. As of the date of the organization of the company.

Mr. DAVISON. This is a correct list as of the date of the organization of the company, I assume.

Mr. UNTERMYER. You mean the list of signatures in Exhibit 54?

Mr. DAVISON. I do not know exactly what that document is, but I should say if it served any purpose it served the purpose of showing who the stockholders were at that time.

Mr. UNTERMYER. That document, I see by the indorsement on the back, is a voting trust agreement which was delivered March 28, 1903. This is a copy of the indorsement of Mr. Thompson, the vice president.

Mr. DAVISON. You are familiar enough with documents of that kind to know what that conveys. There is a large block of stock there in the name of one individual, which means that that stock had not been definitely allotted or placed.

Mr. UNTERMYER. The stock was paid for, was it not, when this voting trust agreement was signed and the company was launched?

Mr. DAVISON. Undoubtedly.

Mr. UNTERMYER. Who were these promoters against whom these young men whose names I have given you were trying to protect themselves, of whom they were so fearful?

Mr. DAVISON. Do you think that is a fair question?

Mr. UNTERMYER. Would you prefer not to state?

Mr. DAVISON. I think it would be a little unfortunate to name the individuals here, whose names, however, have become very notorious. At the same time I am on the stand——

Mr. UNTERMYER. If you have any objection, we will pass it.

Mr. DAVISON. I have no objection except out of regard for the names. I will be very glad to name them to the committee privately.

Mr. UNTERMYER. When did this fear disappear, Mr. Davison?

Mr. DAVISON. Just as soon as the voting trust was created.

Mr. UNTERMYER. And when the voting trust expired five years later, did the fear revive?

Mr. DAVISON. It did not.

Mr. UNTERMYER. And when the voting trust expired again, did the fear revive?

Mr. DAVISON. My recollection is that the voting trust did not expire again, but it was renewed.

Mr. UNTERMYER. It was not renewed for a second time on the ground of any fear, was it?

Mr. DAVISON. None whatever.

Mr. UNTERMYER. The first renewal was on the expiration of the first voting trust?

Mr. DAVISON. Yes.

Mr. UNTERMYER. March 18, 1908?

Mr. DAVISON. That is right.

Mr. UNTERMYER. Then there was another voting trust March 9, 1912, for another five years?

Mr. DAVISON. Yes; that is right.

Mr. UNTERMYER. Who selected the first voting trustees?

Mr. DAVISON. Those who organized the company; that is my recollection. The stockholders; the board.

Mr. UNTERMYER. You were selected as one? Who selected Mr. Perkins?

Mr. DAVISON. The same ones who selected me.

Mr. UNTERMYER. Was there any one person who was more distinctive and more prominent in the organization of this company than another?

Mr. DAVISON. I should say not.

Mr. UNTERMYER. Who selected Mr. Reid as a voting trustee?

Mr. DAVISON. The same ones who selected the other two.

Mr. UNTERMYER. And he has continued voting trustee down to the present time?

Mr. DAVISON. Yes; he has.

Mr. UNTERMYER. With your consent?

Mr. DAVISON. Entirely.

Mr. UNTERMYER. When the voting trust was renewed in March, 1912, who put Mr. Case in in substitution of Mr. Perkins?

Mr. DAVISON. The matter was discussed by the members of the executive committee of the Bankers' Trust Co. I do not recall that it was taken up by the board; but the name of Mr. Case was suggested by the executive committee.

Mr. UNTERMYER. Was it your suggestion?

Mr. DAVISON. I do not recall. It may have been.

Mr. UNTERMYER. Mr. Case was then, or his firm was then, as they have been since, counsel for the company, were they not?

Mr. DAVISON. Yes, sir.

Mr. UNTERMYER. Has Mr. Case an interest in the company, a substantial interest?

Mr. DAVISON. I do not know how much of an interest.

Mr. UNTERMYER. What was the reason for continuing that voting trust in March, 1912, if there was any reason whatever for keeping the stockholders out of their voting rights?

Mr. DAVISON. Well, I am not sure that there was any reason—any reason that might be regarded as good and sufficient; I suppose the reason was it had been very popular, apparently, and there had never been any question about it; there was 100 per cent of the stock in, and everything had gone on very well, and in view of that, we thought we might as well continue it.

Mr. UNTERMYER. Did you, in any of your statements to the public in which you solicited deposts, give notice to the public or to depositors that the directors of this trust company were being named by three voting trustees; that all of the affairs of the company, as far

as concerned its ultimate control or management, were under the direction of three trustees?

Mr. DAVISON. No; we did not, Mr. Untermyer, and for two reasons. One was that the voting trust of the Bankers' Trust Co. was never regarded by it as an important factor.

Mr. UNTERMYER. Why do you not dissolve it?

Mr. DAVISON. So far as I am concerned, I would be perfectly willing to dissolve it.

Mr. UNTERMYER. Are you willing to do that now, as to both of those trust companies?

Mr. DAVISON. I am perfectly willing to recommend it, if there is no particular reason for not doing so. I do not think they are serving any good purpose.

Mr. UNTERMYER. Let us see about that.

Mr. DAVISON. May I answer your question in this respect? The voting trustees as such have never had any more to do with the control or management of the Bankers' Trust Co. or the Guaranty Trust Co. than the Pujo committee.

Mr. UNTERMYER. We think the Pujo committee is having considerable to do with it.

Mr. DAVISON. I said "has had." Mine was entirely in the past. I am not predicting.

Mr. UNTERMYER. Of course, you understand that under the terms of these voting agreements they can be dissolved by two of the three voting trustees at any time?

Mr. DAVISON. I do understand it.

Mr. UNTERMYER. And you have no doubt about Mr. Case's vote in the Bankers' Trust if you want it dissolved?

Mr. DAVISON. I have great respect for Mr. Case's judgment. I have not put the question to him as to whether he would vote to dissolve it or not.

Mr. UNTERMYER. And as to Mr. Reid?

Mr. DAVISON. I have not discussed the matter with him.

Mr. UNTERMYER. In the Guaranty Trust your associates, voting trustees, are George F. Baker and Mr. Porter, are they not?

Mr. DAVISON. They are.

Mr. UNTERMYER. Have you any doubt about their consenting, if it is your judgment that it should be dissolved?

Mr. DAVISON. Well, Mr. Untermyer, you are putting this rather suddenly to say that I am going to recommend——

Mr. UNTERMYER. That is not quite fair to say that this is being put suddenly, is it?

Mr. DAVISON. Yes; it is quite fair. I am quite aware of the prominence that this question of voting trusts has had in your mind, and that you would recommend that they be dissolved.

Mr. UNTERMYER. Now will you not let us get on with this inquiry?

Mr. DAVISON. I think we are getting on pretty rapidly.

Mr. UNTERMYER. If we had your consent to disband these two voting trusts, I think we would be making some progress.

Mr. DAVISON. I will make this statement—that, so far as I see, the voting trusts are to-day serving no purpose, and my belief is that on mature consideration I would recommend that the voting trusts of both the Bankers' Trust and the Guaranty Trust Co. be dissolved. An entire undue proportion has been given to that question.

Mr. UNTERMYER. Can you conceive of a useful purpose or just purpose or proper purpose that could ever be served by a voting trust of a financial institution enjoying a public charter?

Mr. DAVISON. Well, "could ever be served" is a pretty broad question.

Mr. UNTERMYER. Yes; and what is your answer?

Mr. DAVISON. My answer is that I can conceive of their serving a purpose; yes; and I can conceive of their serving a particular purpose under circumstances that might exist. Of course, it would depend upon the character of legislation that is had.

Mr. UNTERMYER. Suppose a body of men wanted to form an independent financial institution and keep it out of the control, we will say, of Morgan & Co. Then, you think a voting trust would serve a useful purpose?

Mr. DAVISON. If they were——

Mr. UNTERMYER. If they wanted to be independent of their domination.

Mr. DAVISON. That was the purpose of that voting trust of the Bankers' Trust Co.

Mr. UNTERMYER. Let us see about that. Was there any power in New York—or in America—at that time in the financial world more dominant than Morgan & Co.?

Mr. DAVISON. That is a pretty large question, also.

Mr. UNTERMYER. Was there any financial power, any banking house, more powerful than Morgan & Co. in the United States at that time?

Mr. DAVISON. I assume that it was the strongest financial house in the United States at that time; yes.

Mr. UNTERMYER. And this body of men, these directors together, represented the strongest and most important financial elements in the community?

Mr. DAVISON. No; they did not. They were individuals. If you will look at the facts just as they were, I would still go back to say that they were young men; the men who were active in this organization were young men who had their reputations to make in New York. They organized this institution and directed it in that way. Morgan & Co. were not in any way important in the organization of the company. Mr. Perkins was a member of the firm of Morgan & Co., but it was Mr. Perkins and not Morgan that was in that.

Mr. UNTERMYER. Do you adhere to the statement that these were young men who had their way to make in the world?

Mr. DAVISON. I adhere to the statement that the men who were active in the organization were——

Mr. UNTERMYER. I am talking about the board of directors.

Mr. DAVISON. I am talking about the men who organized it.

Mr. UNTERMYER. I am asking you whether in your judgment there was in the city of New York any body of men of that number quite as powerful financially, in the financial world, as that body, in numbers, man for man?

Mr. DAVISON. After it became completed, we thought it was about the best that could be put together.

Mr. UNTERMYER. The most powerful?

Mr. DAVISON. About the strongest that could be put together.

Mr. UNTERMYER. Then, that being so, under such conditions could there be any earthly useful purpose served by a voting trust of a financial institution that put forth to the country certain men, certain directors, when in fact they were being named year by year by three men whose names and power were not disclosed?

Mr. DAVISON. That itself is not a correct statement as to fact. The voting trust never named that board of directors.

Mr. UNTERMYER. Is it not a fact that the voting trust had the power to do it?

Mr. DAVISON. Yes, sir.

Mr. UNTERMYER. That fact you do think ought to have been made public?

Mr. DAVISON. I am not sure that it was not made public.

Mr. UNTERMYER. Do you not know it was not made public?

Mr. DAVISON. I do not. You put that question before.

Mr. UNTERMYER. Do you know whether it was or not?

Mr. DAVISON. I do not know whether it was or not; but I know positively that that voting trust of the Guaranty Trust Co. was very broadly advertised at that time.

Mr. UNTERMYER. It was never advertised in any of its statements of resources, statements that a depositor would see?

Mr. DAVISON. That I do not recall. I should suppose not.

Mr. UNTERMYER. I think we may pass that question on your statement that you will use your influence to get rid of these voting trusts.

Mr. DAVISON. I beg your pardon; I do not think I have committed myself quite that far.

Mr. UNTERMYER. How far have you gone?

Mr. DAVISON. I say that so far as my present judgment is concerned I see no particular advantage to either one of those institutions in the voting trust.

Mr. UNTERMYER. That is not it——

Mr. DAVISON. And I believe upon mature consideration that I will recommend, so far as my vote goes, that those voting trusts be dissolved; but I do not say definitely that I will.

Mr. UNTERMYER. You have hedged it considerably, Mr. Davison.

Mr. DAVISON. That is what I have said every time.

Mr. UNTERMYER. I want to know whether you are prepared to recommend the dissolution of those voting trusts.

Mr. DAVISON. I will answer you that I am not prepared to recommend the dissolution of those voting trusts, but I will qualify it by saying that I rather think I may, which is all I have said at any time.

Mr. UNTERMYER. The Southern Railway is operating under a voting trust, is it not?

Mr. DAVISON. I did not understand that it was. I know very little about the Southern Railway. I thought that voting trust had expired.

Mr. UNTERMYER. No; it has not.

Mr. DAVISON. I thought it had.

Mr. UNTERMYER. No; it has not. Are not Morgan & Co. the fiscal agents of the Southern Railway?

Mr. DAVISON. I do not think we are, officially. We are in fact.

Mr. UNTERMYER. Do you remember whether you are officially?

Mr. DAVISON. I do not think we are.

Mr. UNTERMYER. You do all their financial business, anyway?

Mr. DAVISON. No; I think not. I think we handle practically all of their securities.

Mr. UNTERMYER. That is what I mean when I say you do all their financial business. I do not mean to ask whether you pay their bills, but what I am trying to find out is whether you are their bankers and whether they have done all their issue and negotiation of securities through you?

Mr. DAVISON. Practically, they have, as I understand it.

Mr. UNTERMYER. Do you remember who the voting trustees are?

Mr. DAVISON. No; I hardly do, in view of the fact that I did not remember whether there was a voting trust.

Mr. UNTERMYER. This voting trust was established in 1894. The evidence shows that the trustees at that time were J. P. Morgan, George F. Baker, and Charles Lanier. Do you not know the securities that are dealt in are the voting-trust certificates, and that no stock is listed on the exchange?

Mr. DAVISON. I must insist I do not know.

Mr. UNTERMYER. Who is there in the firm of J. P. Morgan & Co. who knows anything about the Southern Railway?

Mr. DAVISON. I should say that Mr. Steele is the best informed as to that.

Mr. UNTERMYER. Who else is there? Mr. Steele is ill?

Mr. DAVISON. Yes; he is ill.

Mr. UNTERMYER. And he is not available here as a witness?

Mr. DAVISON. No; he is not.

Mr. UNTERMYER. I assumed that you knew. Who is there who knows about this Southern Railway situation?

Mr. DAVISON. If you will ask some questions I will try to answer them.

Mr. UNTERMYER. I have been asking them for some little time, and you have told me that you do not know. Now, you say you do not know whether the voting trust has been terminated or whether the voting-trust certificates are being dealt in on the stock exchange and listed or whether the stock is dealt in or listed. Am I right about that?

Mr. DAVISON. You are entirely right about that.

Mr. UNTERMYER. Do you know anything about the financial condition of the Southern Railway?

Mr. DAVISON. I think I do, in a general way.

Mr. UNTERMYER. Did you know the conditions under which the voting trust was created?

Mr. DAVISON. I did not.

Mr. LINDABURY. Mr. Untermyer, I think you asked me to produce that. We have got it here.

Mr. UNTERMYER. In this connection I would like to have marked in evidence the voting-trust agreement of October 15, 1894, an agreement with the voting trustees of the 27th of August, 1902, and the application to the committee on stock list of the New York Stock Exchange of October 6, 1902.

The papers referred to were marked, respectively, in the order in which they were named, "Exhibit 221, January 23, 1912," "Exhibit 222, January 23, 1913," and "Exhibit 223, January 23, 1913," and will be found printed following volume 25.

Mr. UNTERMYER. Do you recall that the voting trust of the Southern Railway was created incident to the reorganization of that company under the management of J. P. Morgan & Co. as syndicate managers?

Mr. DAVISON. I am sorry; I do not know about that.

Mr. UNTERMYER. Referring to voting-trust agreements and their efficacy, does it not occur to you that 19 years is a long time for a property to be under a voting trust?

Mr. DAVISON. I should think that depended very largely upon the result of the operation of the property.

Mr. UNTERMYER. Do you not think that when stockholders have been out of their right to vote for 19 years it is about time they recovered it?

Mr. DAVISON. I should think so, decidedly, if the stockholders thought so.

Mr. UNTERMYER. You know, do you not, that the stock in this corporation is very widely scattered?

Mr. DAVISON. Yes; I do.

Mr. UNTERMYER. And have you had some experience with the inertia of stockholders in the protection of their rights?

Mr. DAVISON. Not to any extent.

Mr. UNTERMYER. In all your financial experience have you ever known of the stockholders of any great corporation banding together and overturning the management, no matter whether it was good, bad, or indifferent?

Mr. DAVISON. Yes. I think there have been many instances.

Mr. UNTERMYER. I wish you would name any railroad corporation in the history of this country in which the stockholders have overturned the management.

Mr. DAVISON. I am not prepared to name them, because I do not recall one. I do not know of such a case, but I should be surprised if there had not been some such cases.

Mr. UNTERMYER. We are not interested in your surprise. What we are trying to get is the facts.

Can you recall any instance in the history of any great interstate industrial corporation of, we will say, $10,000,000 or more in capital, in which the stockholders have ever changed the management?

Mr. DAVISON. I do not think it gets to the stockholders, Mr. Untermyer.

Mr. UNTERMYER. I do not think you understand my question.

Mr. DAVISON. Yes; I think I do. You asked me if I could recall one?

Mr. UNTERMYER. Yes; certainly.

Mr. DAVISON. I do not know that I can recall one.

Mr. UNTERMYER. Mr. Lindabury calls my attention to the controversy between Mr. Harriman and Mr. Stuyvesant Fish over the Illinois Central. You are familiar with that fight, are you not?

Mr. DAVISON. Yes; in a general way.

Mr. UNTERMYER. Mr. Harriman was in all the time, was he not?

Mr. DAVISON. I think the result showed that he was in pretty much all the time.

Mr. UNTERMYER. He was in all the time, and when Mr. Fish did not do what Mr. Harriman wanted, Mr. Harriman turned out Mr.

Fish. In other words, that was not a case of the stockholders turning out one management and putting in another?

Mr. DAVISON. I think that was largely a question of getting proxies.

Mr. UNTERMYER. Yes.

Mr. DAVISON. The stockholders never complain of good management, and bad management is controlled by the board of directors.

Mr. UNTERMYER. How are the stockholders ever to know whether the management is good or honest or efficient until they have changed it and found out what has been going on?

Mr. DAVISON. They are to know from the results as shown by the statements.

Mr. UNTERMYER. Then, they are to judge entirely by results? Judging by results, are you aware that the Southern Railway stockholders, the common stockholders and preferred stockholders, paid an assessment in order to get this stock in 1894 under the reorganization?

Mr. DAVISON. I am aware that if there had been any question on the matter of the management——

Mr. UNTERMYER. Will you not answer my question?

Mr. DAVISON (continuing). You would have heard from the stockholders.

The question was repeated by the stenographer.

Mr. DAVISON. I am not familiar with the details of the reorganization, but if you have it shown there——

Mr. UNTERMYER. Have they ever had a dividend since then on either class of stock?

Mr. DAVISON. I object to that question, because if that question and not my answer goes in the record—you know they have had a dividend.

Mr. UNTERMYER. Since 1894?

Mr. DAVISON. Yes, sir.

Mr. UNTERMYER. On the common stock.

Mr. DAVISON. You did not ask on the common stock.

Mr. UNTERMYER. That is the reason I am asking it now.

Mr. DAVISON. Yes; I see. I do not think a dividend has been paid upon the common stock.

Mr. UNTERMYER. Do you know what the assessment was that they paid on getting that common stock 19 years ago?

Mr. DAVISON. I do not.

Mr. UNTERMYER. During all that time have Messrs. Morgan, Baker, and Lanier remained the voting trustees?

Mr. DAVISON. From your statement, I assume they have.

Mr. UNTERMYER. Are J. P. Morgan & Co. also the bankers for the Atlantic Coast Line?

Mr. DAVISON. No.

Mr. UNTERMYER. Have you not issued securities for them?

Mr. DAVISON. Yes, sir.

Mr. UNTERMYER. Have they done any financing in the last five years except through your firm?

Mr. DAVISON. Who; the Atlantic Coast Line?

Mr. UNTERMYER. Yes.

Mr. DAVISON. I am not interested in that.

Mr. UNTERMYER. Since you have been with Morgan & Co. have they done any except through your firm?

Mr. DAVISON. I am not able to answer that. I would not be at all surprised if they have.

Mr. UNTERMYER. There you are again. We are not at all concerned with the question of whether you would be surprised, Mr. Davison.

Mr. DAVISON. Then I will say that in my judgment they may have.

Mr. UNTERMYER. That does not answer the question at all. Many things have been done. Do you know whether they have or not?

Mr. DAVISON. I do not know.

Mr. UNTERMYER. During that time, however, Morgan & Co. have financed a number of note and bond issues for them, have you not?

Mr. DAVISON. We have. You have a statement issued by us.

Mr. UNTERMYER. Yes. I call your attention to six such issues. Is that right?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Beginning in September, 1902, and the last one being April 6, 1911. Have you a copy of this before you?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Were the last two of these issues, one of $4,500,000 consolidated fours in 1909, and the other $3,000,000 of unified fours, April, 1911, done by your firm alone or in joint account?

Mr. DAVISON. We had associated with us in both those transactions the First National Bank and the National City Bank of New York.

Mr. UNTERMYER. Prior to that time the other four issues since 1902, including one of $35,000,000, you had done alone, had you not?

Mr. DAVISON. Yes.

Mr. UNTERMYER. The Atlantic Coast Line is a competing line of the Southern Railway, is it not?

Mr. DAVISON. I understand it is, in some degree.

Mr. UNTERMYER. Do you not know that it is in a very essential degree? It is its principal competitor? The Atlantic Coast Line and the Seaboard Air Line and the Southern Railway are competitors?

Mr. DAVISON. Yes; I understand they are.

Mr. UNTERMYER. Do you not know that they are?

Mr. DAVISON. Yes; I know that they are. They are not at all points. That was the reason for my qualification.

Mr. UNTERMYER. You mean that over the thousands of miles that they travel they do not compete on every town and wayside inn; is that what you mean?

Mr. DAVISON. As you like.

Mr. UNTERMYER. But when I ask you whether they are competitors, you know what I mean, do you not?

Mr. DAVISON. Yes.

Mr. UNTERMYER. And you say they are substantial competitors?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Is the Louisville & Nashville a competitor of the Southern Railway at certain points?

Mr. DAVISON. I am sorry that I am not entirely familiar with that Southern situation; but I assume that they are. My understanding is that they are.

Mr. UNTERMYER. And they were also competitors of the Atlantic Coast Line prior to the purchase?

Mr. DAVISON. That I can not testify to.

Mr. UNTERMYER. You do not remember as to that?

Mr. DAVISON. No.

Mr. UNTERMYER. You remember the occasion of that purchase by J. P. Morgan & Co. of Louisville & Nashville stock, do you not?

Mr. DAVISON. Yes; I do.

Mr. UNTERMYER. Do you remember in what year it was?

Mr. DAVISON. No; I do not recall.

Mr. UNTERMYER. 1907, was it not?

Mr. DAVISON. I think it was prior to that.

Mr. UNTERMYER. Was the First National Bank a member of the syndicate that made that purchase at the time you were with the First National?

Mr. DAVISON. I do not recall; I do not think so.

Mr. UNTERMYER. You remember, though, do you not, the fact that J. P. Morgan & Co. purchased that stock after Gates and his associates had gotten control?

Mr. DAVISON. Yes; I do.

Mr. UNTERMYER. And you remember their turning it over to the Atlantic Coast Line?

Mr. DAVISON. Generally speaking, I remember it; yes, sir.

Mr. UNTERMYER. Does it occur to you it was a proper or legitimate thing for the firm, being in the relation in which they stood to the Southern Railway, and that being under a holding trust of which Mr. Morgan and Mr. Baker were two of the members, that they should be buying a competing line and turning it over to a third competitor?

Mr. DAVISON. I see no impropriety in that transaction.

Mr. UNTERMYER. You do not?

Mr. DAVISON. Not the slightest.

Mr. UNTERMYER. Let us see about that. Suppose you were a trustee for a railroad. Do you think you would have a right to be supporting and strengthening its competitor, or to assist in doing so?

Mr. DAVISON. Yes.

Mr. UNTERMYER. You do?

Mr. DAVISON. I think it would be a very wise thing to do.

Mr. UNTERMYER. To strengthen a competitor?

Mr. DAVISON. I should think so.

Mr. UNTERMYER. Is that the principle on which your firm is doing business now?

Mr. DAVISON. Very frequently.

Mr. UNTERMYER. That is, strengthening your competitors?

Mr. DAVISON. Very frequently; or endeavoring to.

Mr. UNTERMYER. Endeavoring to strengthen you competitors?

Mr. DAVISON. Very frequently.

Mr. UNTERMYER. Is that what you call community interest?

Mr. DAVISON. No; I would not call it community interest.

Mr. UNTERMYER. Cooperation?

Mr. DAVISON. No; I would not call it that.

Mr. UNTERMYER. Is that what you would call competition—to strengthen your competitor?

Mr. DAVISON. No; I would not call it competition.

Mr. UNTERMYER. It weakens, in the proportion in which you strengthen that competitor, the competitive power of the interests you are supposed to protect?

Mr. DAVISON. Quite the reverse.

Mr. UNTERMYER. You think it strengthens both, do you?

Mr. DAVISON. I think it strengthens both.

Mr. UNTERMYER. So that you would see no impropriety, would you, in J. P. Morgan & Co. acting for all competing railroads of the United States and strengthening one and weakening another at any point that its judgment dictated?

Mr. DAVISON. That is quite a different question in subject than the one we are on. I did not say anything about weakening any of them, and, furthermore, it is a pretty large assumption to assume that J. P. Morgan & Co. were in control of all the railroads of the United States.

Mr. UNTERMYER. I suppose that the soundness of your proposition, which is rather surprising to me, may be fairly tested by an assumed case?

Mr. DAVISON. Yes.

Mr. UNTERMYER. And I am assuming that J. P. Morgan & Co. have succeeded up to date in getting all their competitors under their roof. Now, in all the railroad competition in the country, in that event——

Mr. DAVISON. I object to that assumption, Mr. Untermyer.

Mr. UNTERMYER. Would you consider it a consistent position for them to occupy?

Mr. DAVISON. In the first place, I object to that asumption.

Mr. UNTERMYER. You understand my assumption is not claimed to be based on facts? It is an assumption.

Mr. DAVISON. Well, I do not think it is fair for you to make that assumption in public. It is not true.

Mr. UNTERMYER. It is pretty nearly true.

Mr. DAVISON. Not anywhere near true.

Mr. UNTERMYER. Let us see. Regardless of assumptions, would you consider it the proper thing for J. P. Morgan & Co. to assume to represent, we will say, all three of the competing railroads of the South, the Seaboard, the Atlantic Coast Line, and the Southern Railway?

Mr. DAVISON. I would, most decidedly.

Mr. UNTERMYER. You would?

Mr. DAVISON. Yes.

Mr. UNTERMYER. You think it could do justice to all of them?

Mr. DAVISON. I think so, most decidedly.

Mr. UNTERMYER. And you would consider it entirely proper that it should rest with them to say when one should extend and when another should not extend, or to furnish or withhold the money for that purpose?

Mr. DAVISON. I do not think it is proper for anybody to have that control, so as to say when one should extend and another should not.

Mr. UNTERMYER. Applying that same rule to other industrial business: Is it your judgment that there is no inconsistency, and would

be no inconsistency, in J. P. Morgan & Co. directing the policy, acting as bankers, for any two or more competing industrial concerns?

Mr. DAVISON. I think that is quite a different question.

Mr. UNTERMYER. You think that railroads stand on a different basis from industrials?

Mr. DAVISON. They do.

Mr. UNTERMYER. I see. Well, being a different question, will you answer it?

Mr. DAVISON. I would like to have the question repeated.

The stenographer repeated the question, as follows:

Is it your judgment that there is no inconsistency, and would be no inconsistency, in J. P. Morgan & Co. directing the policy, acting as bankers, for any two or more competing industrial concerns?

Mr. DAVISON. I can conceive that there might be an inconsistency in that, and I can also conceive of conditions where it might be beneficial and wise. I think that is a question that any individuals would have to determine as the case came up.

Mr. UNTERMYER. That is the best answer you can make, is it?

Mr DAVISON. That is the best answer I can make.

Mr. UNTERMYER. When J. P. Morgan & Co. represent a parent concern like the United States Steel Corporation, and there is any financing to be done by a subsidiary of those companies, does it do the financing or does it direct that in some other quarter?

Mr. DAVISON. Generally speaking, I think it does not do the financing. The firm, since my connection with it, the records show, have done very little financing with subsidiary companies.

Mr. UNTERMYER. But where a subsidiary company requires financing, does the firm of J. P. Morgan & Co. do the financing itself, or does it turn it over to somebody else?

Mr. DAVISON. It does not do the turning of it over. That is in the hands of the finance committee, and maybe in the hands of the treasurer, and I am not familiar with the organization of the subsidiary companies. As we show here, we have handled some of the securities of some of the subsidiaries.

Mr. UNTERMYER. Most of them you have turned over, like the Illinois Steel and the Indiana Steel?

Mr. DAVISON. What do you mean by turning over?

Mr. UNTERMYER. I mean directed the business in other quarters.

Mr. DAVISON. No.

Mr. UNTERMYER. Are you sure about that?

Mr. DAVISON. Absolutely sure.

Mr. UNTERMYER. Have you done it yourself?

Mr. DAVISON. I think I have answered your question. In some cases; not to any large extent.

Mr. UNTERMYER. Do you not know that the directors of the subsidiaries of the Steel Corporation are named by the parent company?

Mr. DAVISON. I did not know that.

Mr. UNTERMYER. Do you know who names them?

Mr. DAVISON. I do not. I am not familiar with the organization of the subsidiary companies at all.

Mr. UNTERMYER. You are a director in the Steel Corporation, are you not?

Mr. DAVISON. I am not.

Mr. UNTERMYER. Which of the members of your firm are?

Mr. DAVISON. Mr. Morgan, sr., Mr. Morgan, jr., and Mr. Steele.

Mr. UNTERMYER. Are you not familiar with the conduct of the affairs of the Steel Corporation?

Mr. DAVISON. Only in a general way. I am not at all familiar with the conduct of the affairs of the subsidiaries.

Mr. UNTERMYER. But of the parent company you are?

Mr. DAVISON. In a general way.

Mr. UNTERMYER. You know that the parent company owns about 99 per cent of all the stock of the subsidiary companies, do you not?

Mr. DAVISON. I assume that is true.

Mr. UNTERMYER. You know that that involves effective control of the subsidiaries?

Mr. DAVISON. I suppose the control is practically complete.

Mr. UNTERMYER. You do not assume, then, that the subsidiaries act independently of the parent company, do you?

Mr. DAVISON. Well, they might act quite independently.

Mr. UNTERMYER. But is it possible that that would be the policy, to have them act independently, or would it be to have them act under responsibility to and subject to the approval of the parent company?

Mr. DAVISON. One would suppose they would act subject to the approval of the parent company, but I can not testify that they do, because I do not know.

Mr. UNTERMYER. Do you not know that under the terms of the agreement between the Steel Corporation and J. P. Morgan & Co., J. P. Morgan & Co. absolutely control the question of financing the Steel Corporation?

Mr. DAVISON. I do not.

Mr. UNTERMYER. Then do you consider it entirely proper, Mr. Davison, for J. P. Morgan & Co. to finance competitors of the Steel Corporation?

Mr. DAVISON. Oh, yes; I would consider it entirely proper.

Mr. UNTERMYER. They have done so, have they not?

Mr. DAVISON. I do not recall that they have.

Mr. UNTERMYER. You do not? Well, have you not done so recently?

Mr. DAVISON. If you have something in mind and will suggest it I will answer it. I do not recall that they have financed any competitor of the Steel Corporation.

Mr. UNTERMYER. They had nothing to do with the financing of any competitor of the Steel Corporation?

Mr. DAVISON. I do not recall any. If you have any in mind, I will tell you.

Mr. UNTERMYER. How about the Republic Iron & Steel Co.?

Mr. DAVISON. So far as I know, we have had no interest whatever in the financing.

Mr. UNTERMYER. You know they have been financed?

Mr. DAVISON. I know they have been financed.

Mr. UNTERMYER. Who did it?

Mr. DAVISON. What form of financing?

Mr. UNTERMYER. Any form of financing.

Mr. DAVISON. I am not familiar with it, but my impression is that Blair & Co. have acted as the important bankers of the Republic Iron & Steel.

Mr. UNTERMYER. You are not acquainted with any financing of the Republic Iron & Steel in which you were interested?

Mr. DAVISON. I know we were not interested in any financing of the Republic Iron & Steel.

Mr. UNTERMYER. In any way?

Mr. DAVISON. In any way.

Mr. UNTERMYER. Then you do not consider it proper to finance any competitors of the Steel Corporation?

Mr. DAVISON. Yes; I would consider it proper; highly proper.

Mr. UNTERMYER. But you have done none of it?

Mr. DAVISON. I do not recall that we have. I would say no, but I am not sure. My judgment is that we have done none of it; but there was no objection.

Mr. UNTERMYER. Did you discuss with Blair & Co. the subject of financing the Republic Iron & Steel?

Mr. DAVISON. We never discussed it with them or anybody else.

Mr. UNTERMYER. Do you know what the character of the financing was?

Mr. DAVISON. I do not.

Mr. UNTERMYER. Have you not loaned them money?

Mr. DAVISON. The Republic?

Mr. UNTERMYER. Yes.

Mr. DAVISON. No. I have stated that we have done nothing with that, or the financing of that, so far as my knowledge goes. May I ask my partner? I want to be positive about that.

Mr. UNTERMYER. Why, certainly.

Mr. DAVISON (after consultation). We have never done any.

The CHAIRMAN. The committee will be in recess until 2 o'clock.

At 1 o'clock p. m. a recess was taken until 2 o'clock p. m.

AFTER RECESS.

The subcommittee met pursuant to adjournment.

Mr. UNTERMYER. I want to read into the record in this hearing in connection with the Southern Railway Co. a letter from J. P. Morgan & Co. to William H. Granbury, the chairman of the committee on stock list of the New York Stock Exchange, dated March 19, 1903, to be marked "Exhibit No. 224," excluding the lead-pencil marks on the face of the exhibit.

The letter referred to was marked "Exhibit No. 224, January 23, 1913," and will be found printed in full in the record following volume 25.

Extracts from minutes of the committee on stock list were marked "Exhibit 225, January 23, 1913," and will be found printed in the record following volume 25.

An extract from communication of the agents of the voting trustees of the Southern Railway to the committee on stock list of the New York Stock Exchange was marked "Exhibit 226, January 23, 1913," and is as follows:

It is proper that we should call the attention of your committee to the fact that while so far as we are aware there is no dissent on the part of any trust

certificate holder from the proposed extension, many holders are deterred from having their certificates stamped or otherwise assenting to the extension for fear that by so doing their certificates will be debarred from quotation on the New York Stock Exchange. We would therefore respectfully urge upon your committee the desirability of prompt action upon this application.

TESTIMONY OF H. P. DAVISON—Continued.

Mr. UNTERMYER. In connection with this extension of the voting trust of the Southern Railway in October, 1902, and the proven fact of these exhibits shown by letter of J. P. Morgan & Co. of March 19, 1903, that there were 1,615,062 shares of stock that had assented to the extension of the voting trust, out of a total outstanding issue of 1,799,000 shares, will you tell us what is the effect of taking off the list a railway security of this character, on its loanability value and its salability?

Mr. DAVISON. Will you pardon me before I answer that——

Mr. UNTERMYER. Certainly.

Mr. DAVISON. To make a statement in regard to the Southern Railway Co., which was touched upon this morning.

Mr. UNTERMYER. Certainly.

Mr. DAVISON. My information is, which I have received during the recess, that no assessment was ever made upon the common stock of the Southern Railway. I think that is rather important. No cash assessment was ever made—

Mr. UNTERMYER. You mean that in the process of reorganization the reorganization plan did not provide for any assessment of the stock?

Mr. DAVISON. Neither then nor at any other time, and none was ever paid.

Mr. UNTERMYER. Have you here a copy of the plan?

Mr. DAVISON. I have not.

Mr. UNTERMYER. Well, do you know to what extent the old security holders received new securities?

Mr. DAVISON. I do not, and, as I said this morning, I am not at all familiar with this Southern Railway situation.

Mr. UNTERMYER. Do you know whether they received in the reorganization a small fraction or a large proportion of their original holdings?

Mr. DAVISON. I know nothing about that.

Mr. UNTERMYER. Will you supply to the committee the plan from which the facts can be accurately known?

Mr. DAVISON. I would be very glad to do so.

Mr. UNTERMYER. Will you now proceed to answer my question as to the effect of the striking of a security of that kind off the list?

Mr. DAVISON. I am afraid I will disappoint you. I am not at all familiar with the transaction or with that character of transaction. I have never had to do with it and I know nothing about it. I am not familiar with the details of the Stock Exchange, or how they are stricken from the list.

Mr. UNTERMYER. We do not seem to be able to find any banker in New York who knows anything about the Stock Exchange.

Mr. DAVISON. Well, they are pretty busy with their own business.

Mr. UNTERMYER. Let me ask you, in that connection, how many years you were in the First National Bank and the Liberty Bank?

Mr. DAVISON. I was in the Liberty Bank eight years.

Mr. UNTERMYER. And in the First National, how long?

Mr. DAVISON. Seven years.

Mr. UNTERMYER. Was the First National Bank a considerable loaner of money on the stock exchange?

Mr. DAVISON. A very large loaner of money at times.

Mr. UNTERMYER. And the Liberty Bank was a loaner at times?

Mr. DAVISON. At times.

Mr. UNTERMYER. While you were president?

Mr. DAVIDSON. While I was president.

Mr. UNTERMYER. In lending on the stock exchange on stock-exchange collateral would an officer of the bank generally be required to have a sort of a knowledge of the fact of whether a security is hurt or helped by being stricken from the list?

Mr. DAVISON. No; not at all necessarily so; no.

Mr. UNTERMYER. Your loans on the stock exchange were made only on stock-exchange collateral, were they not?

Mr. DAVISON. No; not altogether.

Mr. UNTERMYER. Principally?

Mr. DAVISON. Principally; yes.

Mr. UNTERMYER. Your loans at the stock-exchange stand are made entirely on stock-exchange collateral?

Mr. DAVISON. I think not. The loan may be made in the stock exchange, and I think the bank could require that none but listed securities be put in as collateral.

Mr. UNTERMYER. That is the rule with respect to a loan made in the stock exchange, on the floor of the exchange, from the loan stand, is it not?

Mr. DAVISON. I do not think it is the practice. Whether it is the rule or not, I do not know.

Mr. UNTERMYER. At any rate, I understand you to tell the committee that you do not know whether the striking of a security from the list affects its loanable value?

Mr. DAVISON. I beg your pardon; I did not say that I did not know whether it affects its loanable value.

Mr. UNTERMYER. Does it affect its value?

Mr. DAVISON. I should say it would depend altogether on circumstances.

Mr. UNTERMYER. Does it affect its value as collateral?

Mr. DAVISON. Very largely the value of collateral depends upon its market ability.

Mr. UNTERMYER. Does its market ability depend at all on the fact of whether it is listed on the stock exchange?

Mr. DAVISON. I should say that it does depend "at all" on it; yes. I do not think it is dependent entirely on it.

Mr. UNTERMYER. What is the use of a listing?

Mr. DAVISON. I think there are very many advantages in the listing of a stock.

Mr. UNTERMYER. What are they?

Mr. DAVISON. I did not believe you wanted to go into that field, because I am not familiar with it generally, but I should say one is the point you want to make: that it makes it more marketable, generally speaking.

Mr. UNTERMYER. And another is that it makes it more available as collateral?

Mr. DAVISON. That necessarily follows.

Mr. UNTERMYER. Do you not realize, Mr. Davison, that when J. P. Morgan & Co. made application to list the voting-trust certificates and subsequently the old certificates were stricken from the list it affected the marketability and the loanability of the old certificates?

Mr. DAVISON. I do not care to express an opinion upon that, Mr. Untermyer, because I know nothing about the circumstances. I do know that if any transaction was done at the request of J. P. Morgan & Co. the minority holders were protected, if they could protect them, because that is the policy of the house. That I know, and that is all I know.

Mr. UNTERMYER. That you know back in 1903, although you did not come into association with them until 1909?

Mr. DAVISON. Yes; I know that back for 55 years, which is 10 years older than I am.

Mr. UNTERMYER. You know that back 10 years before you were born?

Mr. DAVISON. I do.

Mr. UNTERMYER. I see. Why not go a little further?

Mr. DAVISON. Well, that was the beginning of the house. That is the reason.

Mr. UNTERMYER. In other words, you know that J. P. Morgan & Co. could do no wrong?

Mr. DAVISON. I know that J. P. Morgan & Co. could do no wrong if their endeavors and the circumstances permitted them to do as they wanted to do.

Mr. UNTERMYER. Let us take this concrete case. There were 174,000 shares of stock—voting-trust certificates representing stock—that appear from these papers which are in evidence, if I read rightly, to have been stricken from the list because they had not come in and consented to extend indefinitely this voting trust and to surrender indefinitely their right to vote in this company. Will you be good enough to tell me what good and sufficient reason there possibly could have been for disfranchising that stock because it would not consent to extend the power of these voting trustees and to resign its right to vote in the company?

Mr. DAVISON. I will not speculate on that question, because I do not know anything about it. I do not know the circumstances.

Mr. UNTERMYER. But you know that there could not have been anything wrong about it?

Mr. DAVISON. I did not say that, and I do not know that. I said there would not have been anything wrong if J. P. Morgan & Co. could have forestalled it and prevented it.

Mr. UNTERMYER. It looks wrong, does it not?

Mr. DAVISON. Not without knowing the facts.

Mr. UNTERMYER. I mean upon the facts stated that looks wrong, does it not?

Mr. DAVISON. I do not think the facts have been stated.

Mr. UNTERMYER. What other facts do you know that have not been stated?

Mr. DAVISON. I do not know any other facts that have not been stated.

Mr. UNTERMYER. What other facts do you think have not been stated?

Mr. DAVISON. A great many facts undoubtedly existed bearing upon that situation.

Mr. UNTERMYER. What are they? The papers are all in evidence—the application and the letter of J. P. Morgan & Co. What fact is there bearing upon that situation that you think justified you in saying that you do not think the facts have been stated?

Mr. DAVISON. I do not think that the facts in a subject of that kind can all be stated here. I do not know what they were.

Mr. UNTERMYER. Can you conceive of any situation or circumstances under which it would be proper or permissible to strike off the list shares representing 174,000 shares because they had not consented to resign to the voting trustees their rights as stockholders on an extension of the voting trust?

Mr. DAVISON. Are you correct in your number of shares? I thought you said 59,000 shares. However, I do not care to answer the question, because I do not know.

Mr. UNTERMYER. Let us see if I am correct, because here is the letter from J. P. Morgan & Co. Have you looked at it?

Mr. DAVISON. If you have stated it as it is stated there, you are correct.

Mr. UNTERMYER. Figure it yourself. You recognize that letter, do you not?

Mr. DAVISON (after examining letter). I do. That is, I recognize the signature.

Mr. UNTERMYER. J. P. Morgan?

Mr. DAVISON. J. P. Morgan & Co.

Mr. UNTERMYER. That is dated March, 1903, is it not?

Mr. DAVISON. March 19, 1903.

Mr. UNTERMYER. Will you be good enough to look at this history of the case from which I read that has been furnished by the New York Stock Exchange? This is Exhibit No. 225, January 23, 1913. From it I read as follows, as to listing of extending voting trust certificates:

On September 15, 1902, Mr. Charles Steele appeared before the committee on stock list in the matter of proposed extension of trust and listing of extension certificates.

Mr. Steele is Mr. Charles Steele, a member of your firm?

Mr. DAVISON. Yes.

Mr. UNTERMYER (reading):

The minutes of the committee on stock list show appearance of Mr. Steele in support of the application. Mr. Steele appeared again September 17, 1902. The application was considered. Mr. Steele appeared again September 29, 1902, in the matter of application; again October 6, 1912, in the matter of the application. The committee voted to report the application to the governing committee without recommendation. The extended voting trust certificates were listed by the governing committee October 2, 1902. The original voting trust certificates remained on the list until March 31, 1903. Letter of J. P. Morgan & Co., March 19, 1903, states assent to extension, preferred 540,095 shares out of 600,000 shares.

That leaves 59,905 shares of preferred?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Common, 1,073,967 shares out of 1,199,000 shares, which leaves 125,033 shares.

Mr. DAVISON. Excuse me; as a matter of information may I ask what percentage of preferred and common stock were outstanding?

Mr. UNTERMYER. I have stated how much was outstanding; 59,000 and odd shares out of 600,000 shares, which is nearly 10 per cent, and 125,000 and odd out of 1,199,000 shares, which is about 11 per cent.

Mr. DAVISON. Yes.

Mr. UNTERMYER. That is a substantial holding, is it not?

Mr. DAVISON. Yes. Ten per cent is a substantial holding in any corporation.

Mr. UNTERMYER. You understand that people buy those securities when they are listed, on the faith of the fact that they are listed and that they are marketable and good as collateral, do you not? That helps in securing a market for them?

Mr. DAVISON. I should say that that might be a factor in their consideration of a purchase.

Mr. UNTERMYER. You do not think it is an important factor?

Mr. DAVISON. I do not think it is a governing factor.

Mr. UNTERMYER. In other words, you think that people would be just as likely to buy securities that are not listed and not good as collateral as though they were listed?

Mr. DAVISON. I have not said that. I did state that it was something of a factor, but I will also state that there are a great many people who sleep a great deal better when they own securities that are not listed.

Mr. UNTERMYER. Then why do you list them?

Mr. DAVISON. I do not list them.

Mr. UNTERMYER. To deprive people of their sleep?

Mr. DAVISON. I do not list them.

Mr. UNTERMYER. But why do you apply to have them listed and go before the committee and urge them to be listed?

Mr. DAVISON. It is a very clear case. It is to the advantage of a security to be listed.

Mr. UNTERMYER. To its advantage?

Mr. DAVISON. Certainly it is.

Mr. UNTERMYER. Why do you say that people sleep better when they are not listed?

Mr. DAVISON. Because then people do not see their stocks go down overnight.

Mr. UNTERMYER. They never see them go up?

Mr. DAVISON. They never care whether they go up, if they get their dividends.

Mr. UNTERMYER. So that people who buy stocks do not care whether they rise in value or not; is that your idea?

Mr. DAVISON. I did not say that. I said they rest better.

Mr. UNTERMYER. They rest better when they go up?

These voting trust certificates, the old certificates, were stricken off the list following the letter of March 19, 1903, from J. P. Morgan & Co., and I ask you whether you think that is a defensible thing.

Mr. DAVISON. I will answer you, that I think it is a most defensible thing. I do not know why the house did it, but if the house did it, it is most defensible.

Mr. UNTERMYER. I have not said the house did it, but the stock exchange did it.

Mr. DAVISON. I know nothing about that thing; but you were stating that the house applied to have it done.

Mr. UNTERMYER. No; I did not.

Mr. DAVISON. I beg your pardon; I thought you did.

Mr. UNTERMYER. I have stated that the house wrote a letter. You have seen that letter?

Mr. DAVISON. Yes.

Mr. UNTERMYER. And I have said that 12 days after the house wrote that letter, the governing committee of the stock exchange took those old certificates off the list.

Mr. DAVISON. Yes.

Mr. UNTERMYER. With that large number outstanding; and I ask you, from your knowledge of banking, whether that is a defensible thing to do?

Mr. DAVISON. I decline to express an opinion upon that subject, because I do not know the facts.

Mr. UNTERMYER. All right. You are a member of the Metropolitan Club in New York, are you not?

Mr. DAVISON. I am.

Mr. UNTERMYER. Is Mr. Hine a member of that club?

Mr. DAVISON. We do not control that, too, do we? Yes; I think he is. I have seen him there.

Mr. UNTERMYER. I would not be surprised if you did.

Mr. DAVISON. I would not be, either, if two of us belonged to it.

Mr. UNTERMYER. Were you in the habit of having meetings on Thursday afternoons at 4 o'clock at the Metropolitan Club with Mr. Hine of the First National Bank, Mr. Strong of the Bankers' Trust, and Mr. Sabin of the Guaranty Trust?

Mr. DAVISON. Well, supposing——

Mr. UNTERMYER. Will you not answer my question?

Mr. DAVISON. Supposing that were true, how would that bear upon this inquiry?

Mr. UNTERMYER. Will you not answer my question?

Mr. DAVISON. I think my question is a fair one. How does that bear on this inquiry?

Mr. UNTERMYER. We will see in a minute.

Mr. DAVISON. Do you insist upon an answer to that question?

Mr. UNTERMYER. Yes.

Mr. DAVISON. Well, I was not.

Mr. UNTERMYER. Then you had no such meetings on Thursday afternoons at 4 o'clock?

Mr. DAVISON. I have answered; I had not.

Mr. UNTERMYER. Is it or not the fact that on Thursday afternoons at 4 o'clock there met at the Metropolian Club, weekly, for quite a time, the representatives of half a dozen or more banks in New York, and there discussed matters of business at those meetings?

Mr. DAVISON. Will you put that question again, please? [The question was read by the stenographer.] How do you suppose I can answer that question?

Mr. UNTERMYER. Can you answer it? Do not ask me questions just now. I am asking them of you.

Mr. DAVISON. Do you mean that you ask me whether representatives of a half a dozen banks in New York met at the Metropolitan Club at 4 o'clock on Thursday afternoons?

Mr. UNTERMYER. Mr. Davison, I think you understand my question perfectly.

Mr. DAVISON. I do; but I am not going to be responsible for what other men did. I will answer that question. No; there never was any such meeting in the world, so far as I know. I never attended one and there was never any such meeting. There is no foundation for the question.

Mr. UNTERMYER. That is what I want to know.

Mr. DAVISON. I can not answer——

Mr. UNTERMYER. My question is based upon information.

Mr. DAVISON. My answer is based upon very particular information, so far as I am concerned.

Mr. UNTERMYER. You do not know of any such meetings?

Mr. DAVISON. Never.

Mr. UNTERMYER. Yes; that answers it. The Illinois Steel Co., I think you said, is a subsidiary of the United States Steel Corporation?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Did they finance a debenture issue in 1911?

Mr. DAVISON. They did. That is my recollection, that they did.

Mr. UNTERMYER. What was the amount issued?

Mr. DAVISON. I think it was ten millions.

Mr. UNTERMYER. Was it not five millions?

Mr. DAVISON. Five millions.

Mr. UNTERMYER. Was that done by authority of the finance committee of the Steel Corporation?

Mr. DAVISON. I assume it was. I know nothing about it.

Mr. UNTERMYER. That issue was financed by Kissel-Kinnicutt and Lee, Higginson & Co., was it not?

Mr. DAVISON. It was not, so far as I know.

Mr. UNTERMYER. By whom was it financed?

Mr. DAVISON. I think, Mr. Untermyer, we have made a statement in regard to that.

Mr. UNTERMYER. You are referring to a different issue. I have before me the statement of Lee, Higginson & Co., of the Illinois Steel Co. Am I right about that? Was there a $5,000,000 issue in July, 1911?

Mr. LINDABURY. You do not mind Mr. Lamont speaking to Mr. Davison about it?

Mr. UNTERMYER. No; I am not referring now to a $10,000,000 issue of that company that was made through J. P. Morgan & Co. and the First National Bank in June, 1911.

Mr. DAVISON. Is that under the United States Steel?

Mr. UNTERMYER. No; that is under Illinois Steel. That is not in your statement at all.

Mr. DAVISON. Then I know nothing about it.

Mr. UNTERMYER. I am referring to an issue in July, 1911, of 4½ per cent debenture bonds due April 1, 1940, $5,000,000. Was that a part of the $10,000,000 issue that was made by J. P. Morgan & Co.

and the First National Bank, that was bought by Kissel-Kinnicutt and Lee, Higginson & Co.?

Mr. DAVISON. I do not know, but if it were shown me——

Mr. UNTERMYER. Here is Lee, Higginson & Co.'s statement [handing paper to witness].

Mr. DAVISON. I am sorry, Mr. Untermyer, but I do not know about that. Will you tell me whether that is the date?

Mr. UNTERMYER. That is approximately the date of the $10,000,000 issue made by you and the First National, and I think it is part of the same issue.

Mr. DAVISON. I should presume that a proper answer to that is that we purchased $10,000,000 of the bonds of the Illinois Steel Co., and sold them to Lee, Higginson & Co. and associates.

Mr. UNTERMYER. You sold five million of them to Lee, Higginson & Co. and associates?

Mr. DAVISON. I do not know, but I assume if that is about the same date, it is so.

Mr. UNTERMYER. When you buy bonds from the United States Steel Corporation or its subsidiaries, with whom do you deal in fixing the price?

Mr. DAVISON. We deal with the sellers of the bonds.

Mr. UNTERMYER. With whom; Mr. Gary?

Mr. DAVISON. I have never conducted a transaction myself. I assume that the transaction would be with Judge Gary.

Mr. UNTERMYER. Who conducts those transactions on behalf of your firm?

Mr. DAVISON. Since I have been a member of the firm there have been very few of those transactions conducted.

Mr. UNTERMYER. Who conducts such as there have been? Here is one of $10,000,000 in 1911, and I am going to call your attention to some more. Which member of your firm conducts those transactions on the part of the purchaser, when your house is the purchaser of those bonds?

Mr. DAVISON. I do not know. I presume Mr. Morgan, jr., conducted the transactions; I am not sure.

Mr. UNTERMYER. Here is another transaction, March 26, 1912.

Mr. DAVISON. Are you reading from Lee, Higginson & Co.'s report?

Mr. UNTERMYER. I am reading now from yours; the last transaction—the last one in the book. The United States Steel Corporation purchased from corporations fifteen millions of the Indiana Steel Co.'s first fives, ten million of the National Tube Co.'s first fives, five and a half millions of the Illinois Steel Co.'s 4½ debentures. Associates, First National and National City Bank. Who made that transaction, amounting to over thirty millions, with the Steel Corporation?

Mr. DAVISON. I am not able to answer that for the reason that I was out of the country at that time.

Mr. UNTERMYER. There is no doubt about the fact, is there, that J. P. Morgan & Co. did buy that thirty million and odd dollars of bonds from the steel company in 1912?

Mr. DAVISON. I do not think there is the slightest doubt about it. We rendered a statement to that effect.

Mr. UNTERMYER. What the committee is trying to find out is between whom that sort of trade was made; who fixed the price of the bonds?

Mr. DAVISON. You can assume that it was made with any partner that best serves your purpose; I do not know.

Mr. UNTERMYER. With whom was it conducted on the other side?

Mr. DAVISON. I do not know; but undoubtedly with Judge Gary. He is chairman of the finance committee, and I presume he would be the man connected with the transaction.

Mr. UNTERMYER. There was no competition for the bonds, was there?

Mr. DAVISON. I am not familiar with that particular transaction.

Mr. UNTERMYER. Have you ever known of any competition with J. P. Morgan & Co. for steel bonds purchased?

Mr. DAVISON. Yes.

Mr. UNTERMYER. When?

Mr. DAVISON. I can not give you the date.

Mr. UNTERMYER. When?

Mr. DAVISON. Two or three years ago.

Mr. UNTERMYER. What issue was that, made two or three years ago, for which there was competition with J. P. Morgan & Co.? Please take your book and point it out.

Mr. DAVISON. Unfortunately I can not point it out from this book: it is not in it. We did not get the bonds.

Mr. UNTERMYER. Who got them?

Mr. DAVISON. William A. Read.

Mr. UNTERMYER. What bonds were they?

Mr. DAVISON. I do not recall the corporate title of them, but they were bonds of subsidiary companies of the United States Steel Corporation.

Mr. UNTERMYER. How large an issue?

Mr. DAVISON. I am guessing now, but I should think ten millions or fifteen millions.

Mr. UNTERMYER. Will you not give us the details?

Mr. DAVISON. What do you mean?

Mr. UNTERMYER. Furnish us with the data.

Mr. DAVISON. No; I have not the data.

Mr. UNTERMYER. You can furnish the data, can you not?

Mr. DAVISON. I can get the data from Mr. Read. He will give it to you.

Mr. UNTERMYER. Can you not get the data from the steel corporation?

Mr. DAVISON. I do not know. We can not any better than you can.

Mr. UNTERMYER. You can not any better than we can?

Mr. DAVISON. No; not from the steel corporation.

Mr. UNTERMYER. J. P. Morgan & Co. have no more facilities for getting data from the steel corporation than this committee.

Mr. DAVISON. No man living can get the statistics that you have got.

Mr. UNTERMYER. Will you not answer that question?

Mr. DAVISON. I have answered it. We have not as good facilities.

Mr. UNTERMYER. You have not as good facilities as this committee for getting data from the United States Steel Corporation?

Mr. DAVISON. No, sir; we have not.

Mr. UNTERMYER. How many members of the firm of J. P. Morgan & Co. are there on the board of directors of the steel corporation?

Mr. DAVISON. Three, I think.

Mr. UNTERMYER. How many are on the finance committee?

Mr. DAVISON. One.

Mr. UNTERMYER. Who is that?

Mr. DAVISON. Mr. Morgan, jr.

Mr. UNTERMYER. As to these issues that were made in 1912 which were bought by J. P. Morgan & Co., should you know whether there was any competition?

Mr. DAVISON. Well, Judge Gary would know, and I think he is the only man. I think it is very fair to assume that there was no competition for them.

Mr. UNTERMYER. Why not?

Mr. DAVISON. Now, I am assuming.

Mr. UNTERMYER. I think we had better not get into that realm. It is a bad habit.

Mr. DAVISON. All right. I can not answer from definite knowledge because I was not here.

Mr. UNTERMYER. Are you assuming also with respect to the transactions with William A. Read & Co.?

Mr. DAVISON. No.

Mr. UNTERMYER. But you can not tell us the year?

Mr. LINDABURY. If the committee desires, I will give it.

Mr. UNTERMYER. Just a moment.

Mr. DAVISON. I can not tell you just the year, but it is public information. I can get it; I will swear to that.

Mr. UNTERMYER. How do you know that nobody competed with Messrs. Morgan or that the Messrs. Morgan offered to buy the bonds?

Mr. DAVISON. Well, I assume—but I am not allowed to assume. I can not answer that without assuming, because I was not in the transaction myself: but I do know that the bonds went to W. A. Read & Co.

Mr. UNTERMYER. Do you know whether or not J. P. Morgan & Co. bid for them or offered to buy them?

Mr. DAVISON. From my definite knowledge I do not know.

Mr. UNTERMYER. Do you know who conducted the transaction with Read & Co.?

Mr. DAVISON. I do not.

Mr. UNTERMYER. Do you know whether they got them through Messrs. Morgan & Co.?

Mr. DAVISON. I do.

Mr. UNTERMYER. That you know?

Mr. DAVISON. That I know.

Mr. UNTERMYER. You say you do not know with whom they dealt?

Mr. DAVISON. I do not know.

Mr. UNTERMYER. You were the bankers—your firm—for the United States Steel Corporation?

Mr. DAVISON. Yes; we were the fiscal agents.

Mr. UNTERMYER. And you were bankers and fiscal agents for the subsidiary companies?

Mr. DAVISON. No.

Mr. UNTERMYER. You did not bank for the subsidiaries?

Mr. DAVISON. Not so far as I know. We are not fiscal agents. I do not know.

Mr. UNTERMYER. You are the bankers, are you not?

Mr. DAVISON. You have a list. I think we may have the accounts of three or four of their subsidiaries; but not generally, no. You did not ask, but I would like to say that Read & Co. did not get those bonds through J. P. Morgan & Co.

Mr. UNTERMYER. How do you know that?

Mr. DAVISON. I know that enough to make a statement.

Mr. UNTERMYER. How do you know it? I want to know where you get your knowledge and information?

Mr. DAVISON. Because I have told you that J. P. Morgan & Co. did not get those bonds.

Mr. UNTERMYER. You have also told us that you do not know whether they ever wanted them or bid for them.

Mr. DAVISON. Who never wanted them?

Mr. UNTERMYER. J. P. Morgan & Co.

Mr. DAVISON. No; I did not tell you that.

Mr. UNTERMYER. Have you not told us they never bid for them?

Mr. DAVISON. I think I did tell you that I did not know.

Mr. UNTERMYER. Now, then, not knowing whether they ever bid for them or endeavored to get them, I want to know in what way you have the knowledge as to how Read got them. Was it through J. P. Morgan & Co. or not?

Mr. DAVISON. Because I know that if J. P. Morgan & Co. had purchased those bonds they would have handled them in a different way and would not have sold them to Read & Co.

Mr. UNTERMYER. The question was not whether J. P. Morgan & Co. had purchased them. The question was whether J. P. Morgan & Co., acting for a subsidiary of the steel company, sold those bonds to Read & Co.?

Mr. DAVISON. My answer is no; they did not.

Mr. UNTERMYER. But you do not know who did sell them?

Mr. DAVISON. I do not know. I do not even know the name of the corporation.

Mr. UNTERMYER. Nor the time of it?

Mr. DAVISON. Nor the time of it.

Mr. UNTERMYER. We will take up the next issue here. Illinois Steel Co. debenture 4½ per cent bonds, April, 1912. I think that is part of that same issue of March, by Kissell-Kinnicut and Lee, Higginson & Co. generally.

Mr. DAVISON. I think that is the same you referred to before.

Mr. UNTERMYER. I think that is another transaction.

Mr. DAVISON. There is no record of any other transaction here.

Mr. UNTERMYER. Yes; there is one transaction; Illinois Steel Co., $5,000,000 debenture four-and-one-halfs, bought by Kissell-Kinnicut and Lee, Higginson & Co., July 11, which is the one heretofore referred to.

Mr. DAVISON. Yes.

Mr. UNTERMYER. This in another. April, 1912: Five and one-half million Illinois Steel Co. 4½ per cent debentures.

Mr. DAVISON. Yes; that is correct.

Mr. UNTERMYER. Bought by Kissell-Kinnicut and Lee, Higginson & Co. From whom did they buy those?

Mr. DAVISON. They bought those from J. P. Morgan & Co.

Mr. UNTERMYER. And J. P. Morgan & Co. had bought them from the Illinois Steel Co.?

Mr. DAVISON. Undoubtedly.

Mr. UNTERMYER. And resold them?

Mr. DAVISON. And resold them.

Mr. UNTERMYER. Immediately?

Mr. DAVISON. The date you give there——

Mr. UNTERMYER. Is April.

Mr. DAVISON. We purchased them on the 26th of March, 1912; and they were resold, you say, April 11?

Mr. UNTERMYER. No; I think it says April 1 here. It says April, 1912. How long after you bought them did you sell them?

Mr. DAVISON. The difference between March 26 and the date you have there.

Mr. UNTERMYER. I have not the date, except April, 1912.

Mr. DAVISON. Then you will have to assume a date.

Mr. UNTERMYER. Of course, I suppose, when you resold the bonds you made a profit?

Mr. DAVISON. I hope so.

Mr. UNTERMYER. Having the relations you had with the United States Steel Corporation, what occasion was there for buying those bonds and selling them to Kissell-Kinnicut and Lee-Higginson and making an intermediate profit, instead of selling them direct for the Steel Corporation?

Mr. DAVISON. What do you mean by the relations that we had with them, Mr. Untermyer?

Mr. UNTERMYER. I mean your relations with the Steel Corporation, such as they are?

Mr. DAVISON. You refer to our being fiscal agents of the Steel Corporation?

Mr. UNTERMYER. No; I refer to the fact of your relations to that company, Mr. Davison; for instance, the fact that you were responsible for its organization.

Mr. DAVISON. Yes.

Mr. UNTERMYER. That three of your partners were on the board, that one was on the executive committee, and that you were the fiscal agents for that company.

Mr. DAVISON. Yes.

Mr. UNTERMYER. Now, having, in answer to your question, explained what I mean by the relations, I will ask you to answer the question.

Mr. DAVISON. You state that our relations are those of fiscal agents?

Mr. UNTERMYER. Yes.

Mr. DAVISON. Why should not they sell them to their fiscal agents?

Mr. UNTERMYER. I ask you why you should not have sold them directly for the company instead of making an intermediate profit.

Mr. DAVISON. Why should we sell them direct for the company? We are the fiscal agents for the company and render them a service and are properly compensated for that service.

Mr. UNTERMYER. That is all you want to say about it, is it?

Mr. DAVISON. That is quite enough to satisfy me.

Mr. UNTERMYER. And that is all you want to say. Now, the next issue seems to be the Indiana Steel Co. That is a subsidiary, too, is it not?

Mr. DAVISON. Yes; that is a subsidiary.

Mr. UNTERMYER. Did J. P. Morgan & Co., in that case in April, 1912, give a participation to Kissell-Kinnicutt and Lee-Higginson of $5,000,000 in that $10,000,000 issue?

Mr. DAVISON. It was a $15,000,000 issue, was it not?

Mr. UNTERMYER. Yes; $15,000,000.

Mr. DAVISON. I can not answer that from definite knowledge I have here. Have you it on the record? If you have it on the record you have there—if it shows it—we did; yes.

Mr. UNTERMYER. Did your firm have anything to do with an issue of bonds made by the Jones & Laughlin Steel Co. in June, 1911?

Mr. DAVISON. Not to my recollection, and I believe we did not have anything to do with such an issue.

Mr. UNTERMYER. Do you remember its being made through the Illinois Trust & Savings Bank of Chicago?

Mr. DAVISON. I have an indistinct recollection of such a transaction.

Mr. UNTERMYER. Were you underwriters?

Mr. DAVISON. To the best of my knowledge we were not. I have no recollection of it.

Mr. UNTERMYER. Do you remember whether you were or not?

Mr. DAVISON. I think we were not; I do not remember. If you will permit me to ask my partner, Mr. Lamont——

Mr. UNTERMYER. Certainly.

Mr. DAVISON (to Mr. Lamont). Do you remember?

Mr. LAMONT. I have no recollection of it.

Mr. UNTERMYER. Your answer is "no"?

Mr. DAVISON. To the best of my recollection, the answer is "no."

Mr. UNTERMYER. Is the Kanawha & Michigan a subsidiary corporation or controlled corporation of the Hocking Valley?

Mr. DAVISON. Their relations are very intimate; I am not familiar with just what they are, but I think that is true.

Mr. UNTERMYER. Does your firm have any list of individuals, partnerships, or corporations, or of all of them, from which they select those to whom they want to offer participations in their syndicates?

Mr. DAVISON. We do not. I would like to get that on the record.

Mr. UNTERMYER. You seem pleased when you are able to get anything on the record.

Mr. DAVISON. I beg your pardon——

Mr. UNTERMYER. You do offer participations, do you not?

Mr. DAVISON. Oh, yes.

Mr. UNTERMYER. Do you make up a separate list for each participation?

Mr. DAVISON. Yes; generally speaking.

Mr. UNTERMYER. Do you make it up from any list you have in the office?

Mr. DAVISON. If we were to underwrite a security which we had had an underwriting of—the same security at a previous time—we would have a list of those who subscribed, and we would take out that list to consider them first.

Mr. UNTERMYER. And you have a list of your underwriters, or those to whom you allow participation, in each transaction that you conduct or have conducted?

Mr. DAVISON. We have in our records the result of our operation, and that would include a list of those who participated.

Mr. UNTERMYER. Suppose you are making a new issue—that is, an issue of a company for which you have made no preceding issue—how do you make up a list of those whom you are going to permit or invite to participate?

Mr. DAVISON. It would depend largely upon the character of the security and the size of the issue.

Mr. UNTERMYER. From what would you make it up—from memory?

Mr. DAVISON. Yes; very largely from memory; from those with whom we were intimate, or had had transactions in other securities.

Mr. UNTERMYER. Largely from memory, and from what other sources?

Mr. DAVISON. Largely memory, and from our experience with various underwriters.

Mr. UNTERMYER. You mean gathered from your records?

Mr. DAVISON. Yes; more or less.

Mr. UNTERMYER. So you would consult the lists you had in inviting other people to participate?

Mr. DAVISON. No. You want to make the point that we have a list. Now, we have no such list——

Mr. UNTERMYER. We are not making points, Mr. Davison; we are asking questions. I would like that clearly understood. Let us take an illustration. Let us take, for instance, the subway transaction, in which you are now engaged. That is a proposed bond issue of $170,000,000?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Have there been allotments already made?

Mr. DAVISON. Yes.

Mr. UNTERMYER. How many allotments have been made?

Mr. DAVISON. In number?

Mr. UNTERMYER. Yes; what is the number?

Mr. DAVISON. If I stated I would be guessing. It is a very large list; it is a very large undertaking. It is a pure guess, but I would say perhaps 100 or 125.

Mr. UNTERMYER. Have you partners in the enterprise?

Mr. DAVISON. Yes; we have partners in the enterprise.

Mr. UNTERMYER. The First National?

Mr. DAVISON. The First National Bank and the National City Bank.

Mr. UNTERMYER. Are these banks and trust companies also participants?

Mr. DAVISON. What banks and trust companies?

Mr. UNTERMYER. The Guaranty and the Bankers Trust?

Mr. DAVISON. Yes.

Mr. UNTERMYER. And the Astor Trust and the Liberty Trust?

Mr. DAVISON. I think the Astor is. I have no doubt the Astor is.

Mr. UNTERMYER. And the Bank of Commerce?

Mr. DAVISON. Yes. And the Central Trust. Well, I will not say the Central Trust. I will withdraw that because I do not know.

Mr. UNTERMYER. You thought that you would say it because it is not in your circle?

Mr. DAVISON. You are crediting me with a very good idea.

Mr. UNTERMYER. But you take it back?

Mr. DAVISON. I take it back because I do not know.

Mr. UNTERMYER. I wanted the banks and trust companies in your circle.

Mr. DAVISON. I wondered if it would not be fair to ask about some that are not in the circle, as you term it.

Mr. UNTERMYER. Take the list of the banks with which you deposit money. I have the list here. You have most of them in that already. The American Exchange Bank, Mr. Clark's bank, is a participant, is it not?

Mr. DAVISON. I will not guess on these, because I do not know. I do not recall. Undoubtedly they are. I hope so.

Mr. UNTERMYER. Can you give us any idea of the number of banks and trust companies that are participants in that syndicate? I am using that as an illustrative case, although I understand it is a large issue, and there are more participants.

Mr. DAVISON. That syndicate covers a very broad territory. I think it takes in institutions——

Mr. UNTERMYER. Does it take in Boston?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Does it take in Lee, Higginson & Co.?

Mr. DAVISON. Yes.

Mr. UNTERMYER. And Kidder, Peabody & Co.?

Mr. DAVISON. I am not sure.

Mr. UNTERMYER. It takes in the Illinois Trust & Savings Bank of Chicago?

Mr. DAVISON. I am not sure.

Mr. UNTERMYER. And the First National Bank?

Mr. DAVISON. I must decline to guess on those, because I do not recall; but I will say that it covers a wide territory. We have gone West, I think, in that, and South; but there is a very large interest in that in Europe.

Mr. UNTERMYER. Have you the underwriting for the City Bank and the First National, or do they do their own? Is it one underwriting, or does each one of the three partners do its own share?

Mr. DAVISON. It happens that I was in Europe when that was fixed up—that is, when the underwriting itself was done and when the arrangements were made—so I can not tell you just the circumstances. I can give you any information generally about it.

Mr. UNTERMYER. But you do not know whether the entire $170,000,000 of bonds was underwritten by these three concerns—yourselves, the First National and the National City—under one underwriting, or whether each one took its own underwriting?

Mr. DAVISON. Probably under one underwriting, by consulting: they probably sat around a table and——

Mr. UNTERMYER. Can you tell how many banks and trust companies are participants in that deal, approximately?

Mr. DAVISON. I am sorry I am not familiar enough with the list to know, because, as I said, I was in Europe when that was done, and I do not know.

Mr. UNTERMYER. Kuhn, Loeb & Co. are underwriting the Brooklyn Rapid Transit end of that deal, are they not? That is an entirely different thing?

Mr. DAVISON. It is an entirely separate transaction.

Mr. UNTERMYER. But that is the Brooklyn end of it and this is the New York end?

Mr. DAVISON. No; it is the Brooklyn Rapid Transit, but it is in New York as well as in Brooklyn.

Mr. UNTERMYER. There are two systems, two proposed routes of subways?

Mr. DAVISON. Yes.

Mr. UNTERMYER. They have one and you have the other?

Mr. DAVISON. I do not know that they have one and I do not know that we have the other. We have the financing of this transaction.

Mr. UNTERMYER. And they have the financing of the other transaction?

Mr. DAVISON. Yes; they and their associates, I understand.

Mr. UNTERMYER. Their transaction involves raising about $40,000,000, does it not?

Mr. DAVISON. That is my recollection.

Mr. UNTERMYER. And yours $170,000,000.

Mr. DAVISON. That is my recollection.

Mr. UNTERMYER. Am I right in the statement, Mr. Davison, that the State puts in $70,000,000 of bonds behind this $170,000,000?

Mr. DAVISON. No; you are not right in that statement.

Mr. UNTERMYER. Does it not agree to do so, if necessary?

Mr. DAVISON. No.

Mr. UNTERMYER. How much does it agree to put in?

Mr. DAVISON. Do you want—are you asking me the character of the contract between the city and the Interborough?

Mr. UNTERMYER. I do not want to go into the details of that complicated transaction. I only want to know the single fact as to how much the city of New York puts back of your $170,000,000 of bonds, of money?

Mr. DAVISON. The contract provides, as I recall it, that the city and the company shall put in $58,000,000 each, pari passu, for the construction of the subway.

Mr. UNTERMYER. Behind your bonds?

Mr. DAVISON. What do you mean by "behind the bonds"?

Mr. UNTERMYER. I mean as a subsequent lien only, and the interest to be paid only after the interest and sinking fund are paid on the bonds that your firm are to buy.

Mr. DAVISON. To answer that question I would have to take up the broad subject, because an answer to that question alone would give a false impression.

Mr. UNTERMYER. I think that without taking up that long transaction, a complicated one, it ought to be easy for you to tell us how much money the city of New York undertakes to put behind those bonds as a subsequent lien?

Mr. DAVISON. I answer that they did not put any money behind those bonds. You can not take up one part of that transaction without taking up the other. To-day there is a subway owned by the Rapid Transit Co. in the borough that is a very profitable undertaking, and that is an integral part of this transaction.

Mr. UNTERMYER. I understand that; but this arrangement involves guaranteeing the present earnings on the old Interborough——

Mr. DAVISON. No, sir; there is no guaranty.

Mr. UNTERMYER. I mean, provided the earnings are sufficient for that purpose. It provides a preference?

Mr. DAVISON. It is a preference providing the earnings on the new system are sufficient.

Mr. UNTERMYER. Providing the earninge on the new system are found sufficient, they are to be paid first?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Next, the interest on your bonds that you are to take is to be paid, and the sinking fund, out of the earnings?

Mr. DAVISON. No. I must answer that question because it is important enough for you to ask it. Under that contract the old system earned a certain amount of money, which was figured to be $6,335,000. That was the average amount of earnings of that property for the two years prior to the date of the contract or the date of the proposed contract. Therefore, in this plan, it was provided that out of the earnings the Interborough Co. should get on the old and the new stock an amount equal to the earnings that they were making on their own private property to-day. That is the preference, and that is the only preference. Out of that they pay the interest on all of their financing and the city comes in. The city in giving them the preference only gives them what they have to-day.

Mr. UNTERMYER. Yes. That is not the point.

Mr. DAVISON. It is a very important point.

Mr. UNTERMYER. After that preference has been paid, the next earnings go to paying the interest and sinking fund on the bonds that you are to take?

Mr. DAVISON. Not at all.

Mr. UNTERMYER. They do not? Does the city get any return on its money that it puts in by way of interest and otherwise until after sufficient has been set aside to pay the full interest on your bonds?

Mr. DAVISON. The city gets no return on its money until the Interborough receives the interest and sinking fund.

Mr. UNTERMYER. Amounting to 5 per cent and 1 per cent on its bonds?

Mr. DAVISON. That is a correct statement.

Mr. UNTERMYER. That includes the bonds you are taking?

Mr. DAVISON. That includes the bonds that are issued to build this new work, whatever the amount may be.

Mr. UNTERMYER. That includes the bonds you are taking?

Mr. DAVISON. That is correct.

Mr. UNTERMYER. Is there any other banking house in the United States that would have the facilities to take that issue of bonds that you are taking?

Mr. DAVISON. Do you not think it would be a little presuming in me to say no?

Mr. UNTERMYER. We want the facts, Mr. Davison, even if your sense of modesty is outraged.

Mr. DAVISON. That is a matter of opinion.

Mr. UNTERMYER. What is your opinion?

Mr. DAVISON. I think it is fair to express the opinion. No; I am not sure that there is no other house in the country that can do that.

Mr. UNTERMYER. You can not say so?

Mr. DAVISON. No.

Mr. UNTERMYER. Kuhn, Loeb & Co. are financing the other venture. Leaving them out, is there any other house in the country that could finance those bonds?

Mr. DAVISON. Can I not answer that question by saying that we are a very large house?

Mr. UNTERMYER. Oh, I think you might answer.

Mr. DAVISON. No; but, Mr. Untermyer, I do not want to sit here and say there are no other banking houses——

Mr. UNTERMYER. You know that is so, do you not?

Mr. DAVISON. No; I do not know that is so, by any manner of means.

Mr. UNTERMYER. Very well. Is not your ability to finance a project of that kind due in some measure to your being able to place these bonds with banks and financial institutions?

Mr. DAVISON. It is due——

Mr. UNTERMYER. Will you not answer my question?

Mr. DAVISON. I am going to answer your question.

Mr. UNTERMYER. You can answer that——

Mr. DAVISON. It is due largely to our ability, certainly.

Mr. UNTERMYER. Does the Guaranty Trust participate in most of your financial operations—syndicates?

Mr. DAVISON. Very frequently.

Mr. UNTERMYER. And the Bankers Trust?

Mr. DAVISON. Yes; very frequently.

Mr. UNTERMYER. And any other affiliated institutions that we have mentioned here?

Mr. DAVISON. Very frequently; and also the other financial institutions of the city of New York very frequently.

Mr. UNTERMYER. Do you know what proportion of the securities that are owned by the Bankers Trust Co. and the Guaranty Trust Co. and the Bank of Commerce, that are held in their treasuries, are securities acquired from J. P. Morgan & Co.? Have you made any calculation on that?

Mr. DAVISON. Yes; I have.

Mr. UNTERMYER. Have you got it here?

Mr. DAVISON. No; I have not got the actual figures.

Mr. UNTERMYER. I would like the figures. Will you let us have the figures?

Mr. DAVISON. There is——

Mr. UNTERMYER. No; I do not want any deductions. Will you let us have the figures?

Mr. DAVISON. I was going to state that it is a comparatively small percentage.

Mr. UNTERMYER. No; I object to that unless you give the figures, if you have got them here. You say you have made a calculation?

Mr. DAVISON. No. Calculations have been made. I do not know——

Mr. UNTERMYER. Recently, within the last few years, many of the issues of J. P. Morgan & Co. have been made jointly with the First National Bank and the National City Bank, have they not?

Mr. DAVISON. Yes.

Mr. UNTERMYER. And many with Lee-Higginson and with western bankers?

Mr. DAVISON. No; not very many with the western bankers. As a matter of fact, I recall very few with the western bankers. We have made them occasionally with Lee-Higginson and with other houses.

Mr. UNTERMYER. You have made them very largely with Lee-Higginson?

Mr. DAVISON. It is comparative. I do not think we have, very largely.

Mr. UNTERMYER. But your main joint account transactions are with the City Bank and the First National Bank?

Mr. DAVISON. I think they have been.

Mr. UNTERMYER. Is it not a fact that in previous years you made the issues largely alone, prior to five years ago?

Mr. DAVISON. I think more largely alone; yes, sir. They were smaller in character.

Mr. UNTERMYER. I will ask you to look at the list of the Bank of Commerce of November 30, 1902, showing a total of $10,988,383 of assets in the way of bonds. I wish you would check off on that list any securities held by the Bank of Commerce that were not either part of the issue made by J. P. Morgan & Co. or in which they participated or in which the First National Bank or the National City Bank participated.

Mr. DAVISON. I state now that I can not do that. Nobody can do that; no one person can do that. I have no statement here on that.

Mr. UNTERMYER. Have you a list here of the securities held in the treasury of the Bankers Trust Co.?

Mr. DAVISON. I have not.

Mr. UNTERMYER. Or of the Guaranty Trust?

Mr. DAVISON. I have not.

Mr. UNTERMYER. These banks and trust companies are a very bond-distributing department and the other has not.

Mr. DAVISON. Well, that is comparative. One of the institutions is perhaps more so than the other, because one of them has an active bond-distributing department and the other has not.

Mr. UNTERMYER. The larger ones have all taken on bond-distributing departments, have they not?

Mr. DAVISON. No.

Mr. UNTERMYER. Has the First National a bond distributing department?

Mr. DAVISON. I thought you were speaking of the Bankers' Trust and of the Guaranty Trust.

Mr. UNTERMYER. No; I am speaking of these financial institutions in New York, these large financial institutions with which J. P. Morgan & Co. are identified, and in which they have an interest. I want to know whether they are not a very valuable outlet for an issuing house such as yours?

Mr. DAVISON. They have valuable connections.

Mr. UNTERMYER. And a banking house that has not access to those large banks, with their large resources, is it or not at a disadvantage in making issues of securities of a substantial amount compared to the banking house that has access to those concerns and that has representation on them and in whom they have confidence?

Mr. DAVISON. The representation on them has no effect, and I know of no banking house that has not access to them.

Mr. UNTERMYER. Do you know of any that have?

Mr. DAVISON. If you will give me the list of the banking houses in New York, I will give you a list——

Mr. UNTERMYER. If you will give me a list of securities of the Bank of Commerce and check off any securities in its treasury bought from other banking houses than J. P. Morgan & Co., Lee, Higginson & Co., Kidder, Peabody & Co., the First National Bank of Chicago, the Illinois Trust & Savings Co. of Chicago, or Kuhn, Loeb & Co., perhaps that would answer my question.

Mr. DAVISON. Yes; but your question assumes that there are no others, and that is incorrect, and it is not fair.

Mr. UNTERMYER. No; I have not said that there were no others.

Mr. DAVISON. Your question assumes it.

Mr. UNTERMYER. But I do believe that there are others. You understand?

Mr. DAVISON. Yes.

Mr. UNTERMYER. I assume that some securities are bought from other houses. But you recognize, do you not, that there is a great advantage in having the entrée and the interest in one of these banks, and a representation on the board; or do you think that is no advantage whatever?

Mr. DAVISON. Absolutely no advantage at all.

Mr. UNTERMYER. None whatever?

Mr. DAVISON. In the placing of securities.

Mr. UNTERMYER. You think it is a disadvantage?

Mr. DAVISON. At times. Not always.

Mr. UNTERMYER. Even, for instance, where you gentlemen are voting trustees and have the naming of the directors, you think it is a disadvantage?

Mr. DAVISON. Voting trustees have no more to do with the sale of securities than they have with the winds that are blowing around this building.

Mr. UNTERMYER. They have with the naming of the directors and the naming of the officers?

Mr. DAVISON. They have not, as a matter of fact.

Mr. UNTERMYER. They have the power to put them out?

Mr. DAVISON. No——

Mr. UNTERMYER. Have they not the power at any annual meeting to put them out?

Mr. DAVISON. No; their term expires.

Mr. UNTERMYER. Have they not the power to elect others?

Mr. DAVISON. Yes.

Mr. UNTERMYER. To substitute?

Mr. DAVISON. Yes.

Mr. UNTERMYER. And to elect a board of their own choice?

Mr. DAVISON. Yes. You know that in these trusts these directors are elected and chosen by class; they are divided into classes serving one, two, and three years.

Mr. UNTERMYER. Are there any classes that stay in 14 years?

Mr. DAVISON. I hope there will be.

Mr. UNTERMYER. I say, are there any classes that are elected for 14 years?

Mr. DAVISON. No.

Mr. UNTERMYER. Your Bankers Trust Co. voting trust has continued now for how many years; for 10 years, has it not?

Mr. DAVISON. Yes; 10 years.

Mr. UNTERMYER. And the classes—they are elected in classes of one, two, and three years?

Mr. DAVISON. They are, and they have never elected a board in practice.

Mr. UNTERMYER. What is that?

Mr. DAVISON. I say, they have never elected a board in practice.

Mr. UNTERMYER. They have been satisfied with the boards that were there?

Mr. DAVISON. Very highly satisfied.

Mr. UNTERMYER. One of the committee would like to know whether the City Bank, the First National Bank, the Guaranty Trust, and the Bankers Trust, are distributors of bonds.

Mr. DAVISON. In part they are. The National City Bank has a large bond department. The First National Bank is quite active in that business. The Bank of Commerce is not. The Guaranty Trust Co. has a very active bond department. The Bankers Trust Co.; no.

Mr. UNTERMYER. Do they sell these bonds on commission, or do they sell them at such price as they fix, or resell them as owners?

Mr. DAVISON. It depends entirely upon the issue and the circumstances.

Mr. UNTERMYER. Do they sometimes act as brokers, selling them on commission to the banking houses?

Mr. DAVISON. For J. P. Morgan & Co.?

Mr. UNTERMYER. For any banking company.

Mr. DAVISON. That I do not know.

Mr. UNTERMYER. They do not for you?

Mr. DAVISON. No; never.

Mr. UNTERMYER. They buy them outright and sell them at whatever they choose?

Mr. DAVISON. Yes; I think they have never sold for us on commission.

Mr. UNTERMYER. J. P. Morgan & Co. have made a number of large issues within the last few weeks, have they not?

Mr. DAVISON. I do not think so; they may have made a large number of advertisements.

Mr. UNTERMYER. But when they advertise the bonds are already sold, are they not?

Mr. DAVISON. Not always.

Mr. UNTERMYER. I mean they have been underwritten before they are advertised, have they not, as a rule?

Mr. DAVISON. I would not say as a rule. Frequently; not as a rule.

A paper was here handed to counsel by Mr. Lindabury.

Mr. UNTERMYER. Is this a statement of issues made since November 1, 1912?

Mr. DAVISON. It brings the statement up to date.

Mr. UNTERMYER. Do you know how much the issues since that time amount to?

Mr. DAVISON. I do not. It can easily be figured.

Mr. UNTERMYER. In this list it says about $82,000,000.

Mr. DAVISON. About $85,000,000, I think.

Mr. UNTERMYER. There are five in this list, amounting to $82,000,000. I will ask to have that marked in connection with the list now submitted, excluding the pencil marks on the paper, which are mine.

The two papers referred to were marked respectively "Exhibits Nos. 224 and 224–a, January 23, 1913," and will be found printed at the end of this day's proceedings.

Mr. UNTERMYER. This does not include the Chicago & Western Indiana Railroad Co. issue at ten million?

Mr. DAVISON. No; it does not. The reason for that is that this list was made out, I should say, upon receipt of your inquiry, and the issue has been made since that date.

Mr. UNTERMYER. Does it include the Kansas City Terminal Co. issue of ten millions?

Mr. DAVISON. It does.

Mr. UNTERMYER. Does it include the $12,540,000 New York Central lines equiment trust of 1913? That was issued yesterday, was it not?

Mr. DAVISON. Yes. We will have to give you telegraphic advices if you want to be up to date.

Mr. UNTERMYER. We will bring you up to date. Does it include the Canada Southern Railway?

Mr. DAVISON. It does.

Mr. UNTERMYER. How large an issue was that?

Mr. DAVISON. $22,500,000.

Mr. UNTERMYER. The Chicago & Western Indiana Railroad Co. issue was made jointly, was it, with the First National Bank and the National City Bank?

Mr. DAVISON. I think so.

Mr. UNTERMYER. Sir?

Mr. DAVISON. It was.

Mr. UNTERMYER. The Kansas City Terminal Railway Co. $10,000,000 issue was made jointly with what banking houses?

Mr. DAVISON. If you will tell me I will answer your question.

Mr. UNTERMYER. Do you not remember? It is only a few days ago.

Mr. DAVISON. I know, but my mind was occupied.

Mr. UNTERMYER. J. P. Morgan & Co., Lee, Higginson & Co., and the Illinois Trust and Savings Bank?

Mr. DAVISON. I think so. We have been associated together in the past in that business.

Mr. UNTERMYER. Is that the reason of making the $10,000,000 issue jointly with these other houses, because you have had other issues with them?

Mr. DAVISON. In that same business, if everything has been satisfactory and gone along all right, we would join with the same parties in an issue of the same company.

Mr. UNTERMYER. The $12,540,000 New York Central equipment issue, made yesterday, 1913, was that made jointly by J. P. Morgan & Co., the First National Bank, and the National City Bank?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Was that joint issue made for the same reason that previous issues of that same company had been made for joint account of the same parties?

Mr. DAVISON. I do not know that we had previously issued that.

Mr. UNTERMYER. The New York Central?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Had you not previously issued the Kansas City Terminal securties jointly with Lee-Higginson and the Illinois Trust and Savings?

Mr. DAVISON. Yes; I said that we had.

Mr. UNTERMYER. Then you know of these three instances—the Chicago & Western Indiana Railway Co., the Kansas City Terminal Co., and the New York Central, all made within a few weeks jointly with other banking houses—those we have been discussing. Is there any rule or custom among bankers that where they make one issue of a company or are interested together in one issue they remain interested in subsequent issues?

Mr. DAVISON. For the same company?

Mr. UNTERMYER. Yes.

Mr. DAVISON. As a matter of practice, if it was satisfactory in every particular, I should say that it was the custom; yes. It is a matter of banking ethics.

Mr. UNTERMYER. A matter of banking ethics?

Mr. DAVISON. I should say so; yes.

Mr. UNTERMYER. If either one of the three thereafter gets an issue of that company it is a matter of banking ethics that it is for joint account, is it?

Mr. DAVISON. I should say that the natural way of handling that business would be to have it go to the parties who handled it before, if it were satisfactorily handled; yes.

Mr. UNTERMYER. You mean if they have not had any differences or disagreements between themselves?

Mr. DAVISON. Yes; if it was satisfactorily handled.

Mr. UNTERMYER. Have you not within the last few weeks also taken an issue of $67,000,000 of American Telephone & Telegraph bonds jointly with Lee-Higginson and other banking houses?

Mr. DAVISON. No.

Mr. UNTERMYER. You participated with them in that issue?

Mr. DAVISON. Excuse me, I was going to answer your question. I think with others, not including Lee, Higginson & Co. as principals, but with Kidder, Peabody & Co., the First National, the National City Bank, Baring Bros. & Co. (Ltd.), of London, and Morgan-Grenfell (Ltd.), of London, we have underwritten an issue of $67,000,000 of American Telephone & Telegraph Co. bonds.

Mr. UNTERMYER. Are they the same parties——

Mr. DAVISON. I beg your pardon—and Kuhn, Loeb & Co.

Mr. UNTERMYER. Are they the same bankers or banking houses with which you had previously underwritten issues of the American Telephone & Telegraph Co.?

Mr. DAVISON. Exactly; and that is a complete answer to your question.

Mr. UNTERMYER. You have together underwritten, I think, $150,000,000 of those bonds, have you not?

Mr. DAVISON. That is my recollection.

Mr. UNTERMYER. So that the same rule of banking ethics required the same disposition of this issue as of the others?

Mr. DAVISON. I would not say it required it.

Mr. UNTERMYER. It resulted in it?

Mr. DAVISON. It resulted in it; exactly.

Mr. UNTERMYER. As a matter of fact, in business morals it would require it?

Mr. DAVISON. It would require it if everything was properly and satisfactorily handled, and there were no other factors in the situation which might make it inexpedient. The situation, when a transaction comes up, always governs.

Mr. UNTERMYER. What was there left for the American Telephone & Telegraph Co. to do when it had $67,000,000 of bonds to issue except to give it to you gentlemen when you had this rule of banking ethics or this arrangement, so that one of you could not take it against the other?

Mr. DAVISON. They did not want to have anything else to do, I imagine.

Mr. UNTERMYER. Do not let us get into the realm of imagination at this hour of the afternoon.

Mr. DAVISON. I think they were very well satisfied.

Mr. UNTERMYER. That is not the question. Suppose they were not, what else was there left?

Mr. DAVISON. They could go to many other houses.

Mr. UNTERMYER. To John Brown?

Mr. DAVISON. Brown Bros.

Mr. UNTERMYER. And Brown Bros. could handle that sixty-seven millions as against J. P. Morgan & Co., Kuhn, Loeb & Co., J. S. Morgan & Co., of London, Kidder, Peabody & Co., Baring Bros., Estabrook & Co., F. L. Day & Co., and the Old Colony Trust Co., could they?

Mr. DAVISON. There are 10 houses in New York City that could get up a syndicate in 24 hours, irrespective of any one of those houses.

Mr. UNTERMYER. Of sixty-seven millions?

Mr. DAVISON. Sixty-seven millions.

Mr. UNTERMYER. Be good enough to name one—not ten, but one—that has gotten up such a syndicate in the last five years independent of any of those houses and without resort to them and without their assistance or cooperation.

Mr. DAVISON. You mean of sixty-seven millions?

Mr. UNTERMYER. About as large as that.

Mr. DAVISON. It is very rare that you have a syndicate of sixty-seven millions.

Mr. UNTERMYER. Instead of sixty-seven millions, let us make it twenty-five millions. Give me the name of any house that has gotten up such a syndicate.

Mr. DAVISON. I thought you would ask that question.

Mr. UNTERMYER. I know you thought I would ask that question, and I knew you had it all ready. That is why I asked you. Now, name any house that has gotten up a syndicate of twenty-five millions in which none of these gentlemen were interested.

Mr. DAVISON. Of course, Mr. Untermyer, I can only take the records as I find them.

Mr. UNTERMYER. Yes; that is just crux of it.

Mr. DAVISON. I will offer this in evidence in answer to the question. Twenty-five millions, Utah Security Corporation, 10-year 6 per cent notes, in October, 1912, brought out by the Electric Bond & Share Co. and Hayden, Stone & Co.

Mr. UNTERMYER. Let us have that. Utah Security Co.?

Mr. DAVISON. Yes.

Mr. UNTERMYER. What sort of company is that?

Mr. DAVISON. You know much more about it than I do. You are counsel for them.

Mr. UNTERMYER. No; I am not.

Mr. DAVISON. I beg your pardon; I thought you were counsel.

Mr. UNTERMYER. You see you may be mistaken.

Mr. DAVISON. Yes. I do not know anything about them, either.

Mr. UNTERMYER. You do not know what it is?

Mr. DAVISON. No.

Mr. UNTERMYER. It might be a mine, might it not?

Mr. DAVISON. Yes; certainly.

Mr. UNTERMYER. A copper mine or a gold mine?

Mr. DAVISON. It might be anything.

Mr. UNTERMYER. We are not referring to copper mines or gold mines; we are referring to industrials and railroads, but we will take that up for the time being. Do you know whether Kuhn, Loeb & Co. were underwriters there?

Mr. DAVISON. I do not.

Mr. UNTERMYER. Do you know whether J. P. Morgan & Co. were?

Mr. DAVISON. I do.

Mr. UNTERMYER. They were not?

Mr. DAVISON. They were not.

Mr. UNTERMYER. Do you know whether Kidder, Peabody & Co., of Boston, were?

Mr. DAVISON. No; I do not know about any of the others.

Mr. UNTERMYER. Wait a moment. Answer my question. My question was, where the American Telephone & Telegraph Co. could go and place bonds except with these gentlemen whom you have named in this banking ethics arrangement, and you have named a case in which you say there were $25,000,000 of securities issued through Hayden, Stone & Co. and somebody else. Now, what kind of securities were they, what class of securities? Was is stocks or bonds, or what?

Mr. DAVISON. They were 6 per cent 10-year notes.

Mr. UNTERMYER. Notes on what?

Mr. DAVISON. I do not know, but there is one thing about it, if they could float that. I think they could float telephone securities.

Mr. UNTERMYER. Do not argue about it.
Mr. DAVISON. I am not arguing about it.
Mr. UNTERMYER. When you talk about floating that, it may have had Government bonds back of it as collateral?
Mr. DAVISON. Yes; I guess so.
Mr. UNTERMYER. I do not want you to guess.
Mr. DAVISON. I guess it had not.
Mr. UNTERMYER. You do not know what it had back of it?
Mr. DAVISON. No; but you are the man that is discrediting the security; I am not.
Mr. UNTERMYER. There is nobody discrediting it. I am trying to find out if you know what you are talking about.
Mr. DAVISON. I know what I am talking about as much as you do, from the information you have there. There is a public list of securities, a list containing three hundred and thirty-two millions of securities, which have been recently issued by houses which are not in your list and have no connection, so far as the evidence shows [handing list to counsel].
Mr. UNTERMYER. Will you let us have that?
Mr. DAVISON. Yes. I say, so far as the evidence shows.
Mr. UNTERMYER. So far as the evidence shows, yes. Well, let us see whether there is any one of them that you know anything about.
Mr. DAVISON. I will promise you that I do not.
Mr. UNTERMYER. Where did you get this list?
Mr. DAVISON. That is the reason it is there.
Mr. UNTERMYER. Where did you get this list?
Mr. DAVISON. It was prepared by a man in our office.
Mr. UNTERMYER. What is his name?
Mr. DAVISON. Mr. Backus.
Mr. UNTERMYER. Is he a lawyer?
Mr. DAVISON. Not in getting that work up.
Mr. UNTERMYER. But he is a lawyer?
Mr. DAVISON. Not necessarily with us. He is a lawyer; yes.
Mr. UNTERMYER. And you have not investigated any of these things and you do not know anything about them?
Mr. DAVISON. If I knew more about them they might be in our house, but they are not. That is the best evidence that I do not know about them.
Mr. UNTERMYER. Wait a minute, because I know something about that.
Mr. DAVISON. I have no doubt.
Mr. UNTERMYER. I see you have gone back to May, 1905, have you not?
Mr. DAVISON. Well, that shows there were people doing business even as far back as that.
Mr. UNTERMYER. There is no question that as far back as that there were people who were doing business. The question is, Who are doing business now?
Mr. DAVISON. Yes.
Mr. UNTERMYER. Do you know to what extent, if to any extent, Kidder, Peabody & Co. were interested in any of these transactions?
Mr. DAVISON. Mr. Untermyer, I say no; I know nothing but what is on this paper.

Mr. UNTERMYER. Do you know anything about the extent to which Lee, Higginson & Co. were interested in these issues?

Mr. DAVISON. What issues?

Mr. UNTERMYER. Those you are referring to.

Mr. DAVISON. If you will analyze them, I will answer.

Mr. UNTERMYER. I say do you know to what extent they were interested?

Mr. DAVISON. I do not.

Mr. UNTERMYER. Do you know to what extent Kuhn, Loeb & Co. were interested?

Mr. DAVISON. Of course——

Mr. UNTERMYER. Will you not answer that question?

Mr. DAVISON. Of course you can infer that they were all interested with J. P. Morgan & Co.

Mr. UNTERMYER. All I want to show is that you do not know anything about it.

Mr. DAVISON. I will concede that I know this about it, that I had no interest in it, but my belief is that they had no interest in most of them.

Mr. UNTERMYER. How can you say that?

Mr. DAVISON. I say that is my belief, because I know and you know that there are a great many houses in New York doing a very large volume of business that have no relation or connection with those houses you have named there. You know it just as well as I do, and it can be proved.

Mr. UNTERMYER. On the contrary, I do not think any of them can exist against your ill will.

Mr. DAVISON. That is an absurd statement that ought not to be made.

Mr. UNTERMYER. If you will answer my questions we will get along.

Mr. DAVISON. I will try to.

Mr. UNTERMYER. Will you tell me whether or not, or do you not know, that Hayden, Stone & Co., the first concern to which you referred, in the issue about which you have testified——

Mr. DAVISON. The reason I picked it was because it was twenty-five millions, the amount you named.

Mr. UNTERMYER. Do you not know that they have close relations with Lee, Higginson & Co. and Kidder, Peabody & Co. in issuing mining securities?

Mr. DAVISON. I do not know it, no.

Mr. UNTERMYER. Have they not had relations with those houses in the issue of mining securities?

Mr. DAVISON. I do not know.

Mr. UNTERMYER. Have you been concerned in the Inspiration Copper Co.—your house?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Do you not know that Hayden, Stone & Co. were interested in that?

Mr. DAVISON. I did not know it. I was not familiar with that transaction. Do you know, Mr. Lindabury?

Mr. LINDABURY. I do not know.

Mr. UNTERMYER. Do you not know whether they were or not?

Mr. DAVISON. I do not know.

Mr. UNTERMYER. I did not mean to assert that they were, but it is possible?

Mr. DAVISON. It is possible, but I do not know it. There is no reason why they should not be.

Mr. UNTERMYER. Do you know what their relations are with Kidder, Peabody & Co. in mining securities?

Mr. DAVISON. I do not know.

Mr. UNTERMYER. I think you said you did not know whether that was a mining security?

Mr. DAVISON. I really know nothing about it.

Mr. UNTERMYER. The subject on which this committee is trying to get information, Mr. Davison, the broad, general subject, is as to whether or not it is possible to make any large issue of securities in this country without the cooperation of some one of a half dozen large banking houses which are linked together in business interests.

Mr. DAVISON. Yes; of course.

Mr. UNTERMYER. All I want to find out with respect to this list you have submitted here is whether you have any information as to who were connected with these particular issues of which you have furnished a list, among these six houses?

Mr. DAVISON. In any particular line? Let me make that clear.

Mr. UNTERMYER. Have you no information as to that?

Mr. DAVISON. I have not, and I have said so repeatedly. I asked Mr. Backus if he would look that up and see what large transactions had been handled by houses with which houses we were in no way associated, and he gave me that list. I did not intend to offer that list in evidence.

Mr. UNTERMYER. Let me ask you this, then: You asked him to make up a list in which they did not appear as the issuing house?

Mr. DAVISON. No; I said in which they had no issue.

Mr. UNTERMYER. How could he tell?

Mr. DAVISON. He could not tell.

Mr. UNTERMYER. He could not tell?

Mr. DAVISON. No.

Mr. UNTERMYER. Whether they may have had an interest, or what their interest was in these issues, you would not undertake to say?

Mr. DAVISON. No; I would not undertake to say; but those houses can handle issues without the help of any other house. Take such houses as Blair & Co., William Salomon, Lehman Bros., Golden & Sachs, and Heidelbach, Ickelheimer & Co.

Mr. UNTERMYER. Have you heard of Heidelbach, Ickelheimer & Co. making any issue of over $5,000,000 in 10 years?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Have you ever heard of that firm making any issue in 10 years?

Mr. DAVISON. I do not know, but they have the ability.

Mr. UNTERMYER. How do you know?

Mr. DAVISON. From the standing of the house.

Mr. UNTERMYER. What do you know about their connections?

Mr. DAVISON. I know about their standing in general. I could give a list of 30 independent houses in New York entirely independent of any of these.

Mr. UNTERMYER. How is it that they have not done it?

Mr. DAVISON. They have done it. There is the list.

Mr. UNTERMYER. Going back to 1905, which is eight years, in that time how many millions of securities have you all issued?

Mr. DAVISON. What do you mean by "you all"?

Mr. UNTERMYER. For instance, J. P. Morgan & Co., either alone or jointly with others?

Mr. DAVISON. I do not know. I want it clearly understood that I do not offer that as the amount of securities that have been issued by other houses since the time stated.

Mr. UNTERMYER. Do you want to offer it?

Mr. DAVISON. No.

Mr. UNTERMYER. Then you may take it back, because if you do not want it we will not examine it.

Are you familiar with the process of railway reorganization?

Mr. DAVISON. Not to any extent. I have never been associated with railway reorganization.

Mr. UNTERMYER. The committee wanted to get some information as to the present methods of reorganization.

Mr. DAVISON. Well, I am sorry, but——

Mr. UNTERMYER. As compared with the methods prevailing, we will say, in England, and the room, if any, for constructive legislation on the subject.

Mr. DAVIDSON. I am very sorry, but I am entirely incompetent to give any idea on that subject.

Mr. UNTERMYER. Let us see how far you are informed on the subject. You know the practice in this country of reorganizing insolvent railroads through receivership and reorganization committees?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Are those reorganization committees usually self-constituted?

Mr. DAVISON. My impression is that in a large degree they are voluntary committees.

Mr. UNTERMYER. And having constituted themselves into a committee for the purpose of collecting the securities, they generally go to a banking house, do they not?

Mr. DAVISON. Yes. That is my understanding.

Mr. UNTERMYER. And sometimes the banking house starts the reorganization for them, does it not?

Mr. DAVISON. I assume so.

Mr. UNTERMYER. What is the first thing that they do, is it to put out advertisements for the deposit of securities?

Mr. DAVISON. I have never been on a committee like that, and I do not know; but I think that is probably one of the first steps.

Mr. UNTERMYER. When it comes to a sale of this property under foreclosure, do you know the procedure that the committee having the security pursues?

Mr. DAVIDSON. I do not like to testify on that.

Mr. UNTERMYER. You would rather not?

Mr. DAVISON. I do not know.

Mr. UNTERMYER. Is Mr. Lamont familiar with railroad reorganization?

Mr. LAMONT. Still less so.

Mr. UNTERMYER. Who is there in your firm who has had charge of these railroad reorganizations?

Mr. DAVISON. We have had very little. Since I have been in the office there has been only one reorganization of that kind that I recall.

Mr. UNTERMYER. The Chicago & Great Western?

Mr. DAVISON. Yes, sir.

Mr. UNTERMYER. Very recently?

Mr. DAVISON. Three or four years ago. That is the only one that there has been since I have been in the firm.

Mr. UNTERMYER. Did you have charge of that?

Mr. DAVISON. Not personally; no.

Mr. UNTERMYER. Who had charge of that?

Mr. DAVISON. Mr. Charles E. Steele.

Mr. UNTERMYER. Do you not know this fact, that the plan of reorganization is gotten together by this committee?

Mr. DAVISON. I have always assumed that is a fact.

Mr. UNTERMYER. And does that plan apportion the securities to the different security holders and provide what they shall pay, if anything, in the way of assessment?

Mr. DAVISON. That would be the character of reorganization plan, I should say.

Mr. UNTERMYER. What happens under the present plan to those that do not go in, under the present method of reorganization?

Mr. DAVISON. Does not that depend largely upon the character of the security? In other words, if it were a common stock and the assessment were made and a man declined to pay the assessment, in many cases I would suppose the reorganization would probably wipe him out.

Mr. UNTERMYER. You are not familiar with the English system that does away with foreclosures?

Mr. DAVISON. I am not.

Mr. UNTERMYER. That does away with all the expense of delay.

Mr. DAVISON. I am not.

Mr. UNTERMYER. And that protects the minority.

Mr. DAVISON. I am not.

Mr. UNTERMYER. Are you the bankers for the Northern Pacific?

Mr. DAVISON. We are to a degree. We pay their coupons. I do not know whether we are their fiscal agents or not. I am under the impression that we are.

Mr. UNTERMYER. They keep an account with you, do they not?

Mr. DAVISON. I think they do; yes.

Mr. UNTERMYER. Does the Great Northern also, or is that in the hands of the First National?

Mr. DAVISON. The Great Northern keeps no account with us.

Mr. UNTERMYER. Are they with the First National?

Mr. DAVISON. Their relations with the First National, I assume, are intimate.

Mr. UNTERMYER. When you were with the First National were they not the fiscal agents for the Great Northern?

Mr. DAVISON. I do not think they were, as such. I think the Great Northern did carry an account——

Mr. UNTERMYER. And they were the bankers?

Mr. DAVISON. They are intimate. I think the First National issued some of the Great Northern bonds two or three years ago.

Mr. UNTERMYER. Are Kuhn, Loeb & Co. and the First National interested in the Bank of Commerce with Morgan & Co.?

Mr. DAVISON. Kuhn, Loeb & Co. are interested in the First National Bank, as are also——

Mr. UNTERMYER. No, no; I mean the Bank of Commerce, as is the First National also?

Mr. DAVISON. I would not say the First National, as a bank, is interested.

Mr. UNTERMYER. But through Mr. Baker?

Mr. DAVISON. Mr. Baker is individnually interested.

Mr. UNTERMYER. They are all represented on that board?

Mr. DAVISON. Mr. Baker is on the board of the Bank of Commerce, and Mr. Hine is also on the board of the Bank of Commerce.

Mr. UNTERMYER. And Mr. Schiff?

Mr. DAVISON. Mr. Schiff is not. He is retired and Mr. Warburg is on the board.

Mr. UNTERMYER. He is his partner?

Mr. DAVISON. He is his partner; yes.

Mr. UNTERMYER. And how many of your firm are on there?

Mr. DAVISON. Mr. Morgan, jr., and myself.

Mr. UNTERMYER. What are the relations of your firm with the American Agricultural Chemical Co.?

Mr. DAVISON. We have no relations, so far as I know.

Mr. UNTERMYER. Do you know who are their bankers?

Mr. DAVISON. I do not.

Mr. UNTERMYER. You act for the International Agricultural Chemical Co., do you not?

Mr. DAVISON. What do you mean——

Mr. UNTERMYER. Are not your firm bankers for them?

Mr. DAVISON. No. I think they have an account for them.

Mr. UNTERMYER. Have you not raised money for them?

Mr. DAVISON. No; not so far as I know. Mr. Lamont, one of our partners, is a member of the board. But if you mean are we the bankers for the International Agricultural Corporation I should say we are not. I am not intimate with the corporation; I do not know just what their financial arrangements are.

Mr. UNTERMYER. Have you not participated in issues of the American Agricultural Chemical Co.?

Mr. DAVISON. Never; so far as I recall.

Mr. UNTERMYER. Are the International Agricultural Corporation and the American Agricultural Chemical Co. competitors?

Mr. DAVISON. I have always supposed they were.

Mr. UNTERMYER. Are you interested in the United States Motors Co.?

Mr. DAVISON. What do you mean by "interested"?

Mr. UNTERMYER. As the holders of securities, or interested in the issue of any of their securities?

Mr. DAVISON. We have a small interest in that corporation. We are not active in it, in any way.

Mr. UNTERMYER. Are you also in the General Motors?

Mr. DAVISON. No.

Mr. UNTERMYER. Did you participate with Kidder, Peabody & Co. in the American Woolen Co.?

Mr. DAVISON. I think not.

Mr. UNTERMYER. Or with Lee-Higginson?

Mr. DAVISON. I have no recollection of our having any interest in that.

Mr. UNTERMYER. That was, perhaps, before your time?

Mr. DAVISON. The company was organized long before I went with the firm.

Mr. UNTERMYER. To what extent have J. P. Morgan & Co. been interested in the dry-goods business in New York City and throughout the country?

Mr. DAVISON. To no extent whatever in the dry-goods business.

Mr. UNTERMYER. Did you not organize the United Dry Goods Co.?

Mr. DAVISON. I was about to say that we have from time to time done some financing for the Associated Merchants and the United Dry Goods Co.

Mr. UNTERMYER. What do you mean by the Associated Merchants?

Mr. DAVISON. I think that is the corporate title of an institution or corporation of which Mr. Claflin is the head, and we have done some financing for them and also for the United Dry Goods Co.

Mr. UNTERMYER. H. P. Claflin & Co. was the old firm?

Mr. DAVISON. It was; and still is.

Mr. UNTERMYER. Do you remember how many millions of securities have been issued through your house for the United Dry Goods Co.?

Mr. DAVISON. I do not. But you have a list. All we issued appears here.

Mr. UNTERMYER. Yes; the United Dry Goods Co., 100,000 shares of preferred and 22,500 shares of common, in 1909: $10,000,000 of preferred and $2,500,000 of common.

Mr. DAVISON. That is correct; 100,000 shares of preferred and 22,500 shares of the common.

Mr. UNTERMYER. Yes. Did you also buy Lord & Taylor's for them?

Mr. DAVISON. According to this statement we did.

Mr. UNTERMYER. Did you also buy another 19,394 shares of United Dry Goods stock?

Mr. DAVISON. We did.

Mr. UNTERMYER. Have you any representation on the board?

Mr. DAVISON. None whatever.

Mr. UNTERMYER. Did you place all this stock for them?

Mr. DAVISON. I do not recall the details of the transaction. If we bought it we either placed it all or have some of it left.

Mr. UNTERMYER. What is the total capital of the United Dry Goods?

Mr. DAVISON. I do not recall.

Mr. UNTERMYER. How many dry-goods concerns, besides H. B. Claflin & Co., which is a jobbing concern, does it own in New York City?

Mr. DAVISON. I do not even know that. We have never had anything whatever to do with the dry-goods business or with the conduct of its business. We have taken it entirely on Mr. Claflin's say so and on the statements presented by him. We have in these instances financed his corporations through him.

Mr. UNTERMYER. You have issued about $20,000,000 of securities there, or nearly that, have you not?

Mr. DAVISON. Yes.

Mr. UNTERMYER. And do I understand you to say that you do not know what properties or businesses are owned by the company on which you have issued $20,000,000 of securities?

Mr. DAVISON. You understand me to say that we never have investigated the dry-goods business ourselves, and are not in any sense in touch with it except through Mr. Chaflin.

Mr. UNTERMYER. Yes; but what I want to know is this: Having issued about $20,000,000 of these securities, can you not tell us which of the large stores in New York and throughout the country have been brought together into that company?

Mr. DAVISON. I am sorry, but I can not. I think that Claflin owns—I think that he has McCreary's.

Mr. UNTERMYER. And Adams?

Mr. DAVISON. And Lord & Taylor; and I think Adams.

Mr. UNTERMYER. And O'Neill's?

Mr. DAVISON. I do not know.

Mr. UNTERMYER. And what businesses throughout the country are included in that company?

Mr. DAVISON. I will have to suffer the embarrassment and say that I do not know, for I do not.

Mr. UNTERMYER. Did you participate in the flotation of securities of a rubber company and a cement company and a locomotive company?

Mr. DAVISON. Just a moment, please. A rubber company?

Mr. UNTERMYER. Yes. What is the name of it?

Mr. DAVISON. The United States Rubber Co.

Mr. UNTERMYER. You were interested in that, were you not?

Mr. DAVISON. Yes.

Mr. UNTERMYER. But is there not another rubber company in which you were interested?

Mr. DAVISON. In which we issued?

Mr. UNTERMYER. Yes.

Mr. DAVISON. No, sir.

Mr. UNTERMYER. Or in which you joined some Boston house in issue?

Mr. DAVISON. Not so far as I know.

Mr. UNTERMYER. What was the transaction in the United States Rubber Co.?

Mr. DAVISON. In 1908 we purchased, jointly with the First National, Blair & Co., and Kidder, Peabody & Co., $8,000.000 of collateral funding 5 per cent notes.

Mr. UNTERMYER. Did you assist in the financing of a cement company?

Mr. DAVISON. We did.

Mr. UNTERMYER. What was that?

Mr. DAVISON. The Atlas Portland Cement Co.

Mr. UNTERMYER. That was when?

Mr. DAVISON. In August, 1910.

Mr. UNTERMYER. And what was that, an issue of notes?

Mr. DAVISON. As a matter of fact, we made a loan to the Atlas Co. of $4,000,000. We took notes of the company for $4,000,000.

Mr. UNTERMYER. What was your connection with the Baldwin Locomotive Works?

Mr. DAVISON. Our Philadelphia house, Drexel & Co., I think, were associated with others in some financing of the Baldwin Locomotive Works a year or two ago.

Mr. UNTERMYER. Which house?

Mr. DAVISON. Drexel & Co.

Mr. UNTERMYER. In what way were you associated?

Mr. DAVISON. That was entirely a Philadelphia matter.

Mr. UNTERMYER. But it is the same firm?

Mr. DAVISON. I understand.

Mr. UNTERMYER. With the same partners?

Mr. DAVISON. But I do not know.

Mr. UNTERMYER. And the same treasury?

Mr. DAVISON. I do not know.

Mr. UNTERMYER. Let us see if I can refresh your recollection.

Mr. DAVISON. I do not think you can, because I do not think I ever had any.

Mr. UNTERMYER. The question is whether you want to remember.

Mr. DAVISON. No; I beg your pardon; it does not depend upon that at all.

Mr. UNTERMYER. Was it a $10,000,000 issue of first mortgage 5 per cent bonds?

Mr. DAVISON. I should say it was not, but I do not know.

Mr. UNTERMYER. Why should you say it was not, unless you know what it was?

Mr. DAVISON. In the first place, you are asking if you can refresh my memory, and I am telling you I do not think you can, because I do not think I had much memory on the subject; but I am quite positive that it was a stock transaction and not a bond transaction. I am not saying that Drexel & Co. did not have dealings with the Baldwins in bonds, but I do not know of any such transaction as that.

Mr. UNTERMYER. What was the nature of this stock transaction; the purchase of preferred stock, was it not?

Mr. DAVISON. That is my recollection.

Mr. UNTERMYER. What was the issue, $25,000,000?

Mr. DAVISON. As I recall it, it was a recapitalization of the company; and my recollection is that there was $10,000,000 of preferred and $20,000,000 of the common. I may be wrong about that. I do not like to go on record about that, but that is my recollection of it.

Mr. UNTERMYER. Was not some of this placed in New York through your house?

Mr. DAVISON. I think not.

Mr. UNTERMYER. In what year was that?

Mr. DAVISON. I think it was in 1911—1910 or 1911.

Mr. UNTERMYER. Which of the partners of your firm is represented on the board there?

Mr. DAVISON. Mr. Stotesbury, I think, is the one.

Mr. UNTERMYER. Let me see if I can not refresh your recollection as to your really having an interest in the American Agricultural Chemical Co. Do you not recall that you took a participation from Lee, Higginson & Co. in the 5 per cent bonds that were issued by that company?

Mr. DAVISON. I have not the slightest recollection of it.

Mr. UNTERMYER. Do you not recall that? That was in 1908. I guess that was before you came into the firm of J. P. Morgan & Co.

Mr. DAVISON. That was before I went with the firm.

Mr. UNTERMYER. And you do not know whether your firm was interested in both the American Agricultural Chemical Co. and the International Agricultural Corporation?

Mr. DAVISON. I do not know that our firm are not in any way interested in the American Agricultural Chemical Co.

Mr. UNTERMYER. Do you know whether they were interested?

Mr. DAVISON. They never have been, so far as I know.

Mr. UNTERMYER. There is in evidence among the statements put in here of transactions of Lee, Higginson & Co. one of the American Agricultural Chemical Co., September and October, 1908, $8,000,000 of bonds, in which the Chase National Bank, the National City Bank, and J. P. Morgan & Co. participated.

Mr. DAVISON. That undoubtedly is true, then; but that was before I went with the firm.

Mr. UNTERMYER. You are not a director in the Chase Bank?

Mr. DAVISON. I am not.

Mr. UNTERMYER. Whilst you were with the First National Bank it owned the Chase Bank, did it not?

Mr. DAVISON. No; it never owned the Chase Bank. The First National Bank never owned the Chase Bank.

Mr. UNTERMYER. It owned it through Mr. Baker?

Mr. DAVISON. Mr. Baker had that interest to which he testified.

Mr. UNTERMYER. Yes.

Mr. DAVISON. When I was with the First National Bank; yes.

Mr. UNTERMYER. Do you know the interest of Messrs. Stillman, Morgan, and Rockefeller in the City Bank? Are you familiar with that?

Mr. DAVISON. I read in the morning paper the stockholders.

Mr. UNTERMYER. That is all you know about it?

Mr. DAVISON. No; that is not all I know about it. I know the interest of Morgan; that is all I know about it.

Mr. UNTERMYER. That is all you know. How many directors has the Bankers' Trust Co., do you know?

Mr. DAVISON. I think it is 21; I may be mistaken.

Mr. UNTERMYER. And the Bank of Commerce?

Mr. DAVISON. The Bank of Commerce has 38 directors.

Mr. UNTERMYER. I think the Bankers' Trust has 30?

Mr. DAVISON. It may be 21 local in New York.

Mr. UNTERMYER. Has not the Bank of Commerce 40?

Mr. DAVISON. No; I happen to remember that the number has just been reduced from 40 to 38.

Mr. UNTERMYER. When was it reduced from 40 to 38?

Mr. DAVISON. Within a day or two; within a few days.

Mr. UNTERMYER. Who retired?

Mr. DAVISON (after examining list). I can not recall. One of them was Burton Ives; and I think the other change was due to a death, but it does not show here, and I can not say.

Mr. UNTERMYER. The Guaranty Trust has 29 directors, has it not?

Mr. DAVISON. I think so.

Mr. UNTERMYER. Do you approve of these large directorates of banks?

Mr. DAVISON. No; not generally.

Mr. UNTERMYER. Do you not think it scatters responsibility when it ought to be concentrated?

Mr. DAVISON. Yes; I believe it does.

Mr. UNTERMYER. What would you consider a workable force, in number of directors?

Mr. DAVISON. Fifteen or eighteen.

Mr. UNTERMYER. And an executive committee, say, of five?

Mr. DAVISON. I should say five or seven.

Mr. UNTERMYER. These large directorates have been brought about principally through consolidation, have they not?

Mr. DAVISON. They have; yes, sir.

Mr. UNTERMYER. And the desire of the banks that were amalgamated to have representation on the new board?

Mr. DAVISON. Largely.

Mr. UNTERMYER. Did you negotiate the purchase of the various banks and trust companies that were taken in by the Guaranty Trust and the Bankers Trust?

Mr. DAVISON. Do you mean all of them?

Mr. UNTERMYER. Yes.

Mr. DAVISON. No; I did not.

Mr. UNTERMYER. There were seven taken in all together, were there not?

Mr. DAVISON. You have it in mind.

Mr. UNTERMYER. The Bankers Trust took in two, did it not?

Mr. DAVISON. Yes; that is two, and the Guaranty Trust took in the Morton and the Fifth Avenue and the Standard. That is all. They took in three. There were five, all told.

Mr. UNTERMYER. I think that is right. I think there were seven altogether, including those two.

Mr. DAVISON. Yes; including the two.

Mr. UNTERMYER. With which of those did you negotiate?

Mr. DAVISON. Each one is more or less a story by itself, Mr. Untermyer.

Mr. UNTERMYER. If it is a long story we will skip it, but if you can tell us by naming them which of those you negotiated, we would like to have you name them.

Mr. DAVISON. I would have to say that I did not negotiate any of them alone.

Mr. UNTERMYER. I did not say alone. Were you concerned in negotiating all of them?

Mr. DAVISON. Yes; I was concerned.

Mr. UNTERMYER. And in each instance you had a different associate?

Mr. DAVISON. Well, that is not altogether so. I was not concerned in the negotiations in regard to the Standard or the negotiations which led up to the merger of the Mercantile.

Mr. UNTERMYER. Is a large part of the business in deposits of the Bankers Trust and the Guaranty Trust made up of the deposits of corporations whose securities have been issued by J. P. Morgan & Co. or those affiliated with J. P. Morgan & Co.?

Mr. DAVISON. No, sir.

Mr. UNTERMYER. Have you any list showing what proportion of their resources comes from corporations whose business you have directed there?

Mr. DAVISON. That question we inquired into.

Mr. UNTERMYER. Have you made up any statement?

Mr. DAVISON. Yes.

Mr. UNTERMYER. And have you it with you?

Mr. DAVISON. I do not know; I do not believe we have.

Mr. UNTERMYER. We would rather not have any guesses. We would rather have the facts.

Mr. DAVISON. Well, I have not. You did not ask for it. I looked it up.

Mr. UNTERMYER. No; I understand that I did not.

Mr. DAVISON. Would you like that for the record?

Mr. UNTERMYER. Unless it discloses some information that you feel you ought not to disclose.

J. P. Morgan & Co. are not of any use to them, are they?

Mr. DAVISON. Oh, yes; I hope so.

Mr. UNTERMYER. You are not a valuable alliance?

Mr. DAVISON. On the contrary, I think we are.

Mr. UNTERMYER. Do you think that the assets of a national bank should be regarded as secret, private, personal information, and not available to depositors?

Mr. DAVISON. No; I do not feel that very strongly. I do not see any objection to the assets of a national bank being known.

Mr. UNTERMYER. Do you not think they ought to be known, in justice to intending depositors?

Mr. DAVISON. I do, if there is any desire on the part of the public to know them.

Mr. UNTERMYER. Regardless of desire, the public have a right to know them if they want to resort to the information?

Mr. DAVISON. That is what I intended to state.

Mr. UNTERMYER. So that you would favor an amendment to the law in that respect?

Mr. DAVISON. I should say so.

Mr. UNTERMYER. And would that also apply to publicity of the list of stockholders?

Mr. DAVISON. No; it would not.

Mr. UNTERMYER. Why should not people dealing with a bank know who really owns the bank?

Mr. DAVISON. Of what moment is it, really, in practice, to a man dealing with a bank, to know who owns it—to know where its stock is?

Mr. UNTERMYER. Do you think it is of no moment at all?

Mr. DAVISON. It is inconceivable that it is of any moment in practice, from my observation and experience.

Mr. UNTERMYER. Then you think it is of no moment to the people dealing with a bank to know whether some particular individual dominates it and owns it?

Mr. DAVISON. I did not understand you were speaking about domination and control. I thought you were asking about stockholders.

Mr. UNTERMYER. I am speaking of stock ownership. Suppose a man owns the majority of the stock of a bank, and that he has the power of domination and control in that way. Do you think that is not a matter of interest to the public and depositors?

Mr. DAVISON. I think the public would find that out if it was of any interest to it.

Mr. UNTERMYER. Do you not think they are entitled to know?

Mr. DAVISON. No; Mr. Untermyer. I can see an objection.

Mr. UNTERMYER. What is the objection to it?

Mr. DAVISON. The objection to it is to posting up on your list the stockholdings of various individuals. Men do not like to have their private affairs all known. A man may have 100 shares of stock, and it is an investment he wants, and he keeps it quiet. He does not like to have everybody know what he owns.

Mr. UNTERMYER. You think that is a good and sufficient reason for people dealing in the dark with a bank, as to the ownership of the bank?

Mr. DAVISON. If I saw a good reason for publishing it I would change my views.

Mr. UNTERMYER. Are you a devotee of the principle that character is the thing that governs?

Mr. DAVISON. I am.

Mr. UNTERMYER. You are?

Mr. DAVISON. I am.

Mr. UNTERMYER. Do you not think that the character of a man, the identity of a man, who may own control of a bank is an important factor to the public?

Mr. DAVISON. The public always knows it.

Mr. UNTERMYER. Will you not answer my question? Is not that an important factor?

Mr. DAVISON. Will you repeat that question?

The stenographer repeated the question.

Mr. DAVISON. Who may own control of a bank?

Mr. UNTERMYER. Yes.

Mr. DAVISON. Yes; I do. I think it is inconceivable that the public would not know it.

Mr. UNTERMYER. How is the public to know it if the information is to be withheld from it and kept secret?

Mr. DAVISON. On your theory, he would know it by the conduct of the bank.

Mr. UNTERMYER. You think that would point to the identity of a man?

Mr. DAVISON. I think it would be very apt to.

Mr. UNTERMYER. I did not know that I had any theory. I was trying to get yours.

Mr. DAVISON. Well, I will try and give them to you.

Mr. UNTERMYER. Do you know how many banks and trust companies there are in the United States that have the right to lend to a single debtor a million dollars or over?

Mr. DAVISON. No; I do not.

Mr. UNTERMYER. How is a committee of Congress, or one-half of Congress, or any other committee of any other body, to find out whether a bank and its assets are being used improperly by people who may dominate its affairs, without being able to go into the affairs of that bank and determine to whom the bank is lending its money? Will you, as a banking man, tell me how the committee

would be able to get that information without knowing these facts and having access to them?

Mr. DAVISON. My observation and experience, Mr. Untermyer, is that when there is occasion to know that fact, it always is known.

Mr. UNTERMYER. That is not the question, and you have not come anywhere near answering my question. How is this committee, or any other committee, to be able to ascertain for itself whether a bank is being improperly used without access to that information?

Mr. DAVISON. I do not think that this committee should undertake to ascertain that information.

Mr. UNTERMYER. Nobody has asked you that question, and with all due respect, we are not concerned with your views on that question. I am asking you as a banking man how this committee could ascertain the facts which Congress says it shall ascertain whether you think it is right or not that they should be ascertained, without access to the affairs of the bank?

Mr. DAVISON. My answer is that Congress may have said that, but Congress has also said that the affairs of a national bank shall not be made public, and I believe that is good law, and therefore there is not any way until you change the law.

Mr. UNTERMYER. There, again, we are not concerned in your views of the law. The question is, as a banking man can you tell us how this committee could ascertain whether a bank is being improperly used, whether its assets are being used in a particular instance improperly, without access to the loans of that bank? Do you know of any way? That is the question. I have asked it four times.

Mr. DAVISON. No; I do not know of any way.

Mr. UNTERMYER. Do you know anything about the Western Electric Co.?

Mr. DAVISON. In a general way I know something of it.

Mr. UNTERMYER. Is it a competitor of the General Electric Co.?

Mr. DAVISON. I understand so; a very active competitor.

Mr. UNTERMYER. Are Morgan & Co. bankers for the General Electric Co.?

Mr. DAVISON. The General Electric have an account with Morgan & Co.

Mr. UNTERMYER. You have made their issues of securities?

Mr. DAVISON. Yes.

Mr. UNTERMYER. And you are their fiscal agents, are you not?

Mr. DAVISON. I do not think so.

Mr. UNTERMYER. They do their banking business through you?

Mr. DAVISON. They do a great deal of banking business. We have handled their securities. We recently handled some of their securities.

Mr. UNTERMYER. You have made all their issues for a number of years?

Mr. DAVISON. That I do not know.

Mr. UNTERMYER. Do you know of any that you have not made?

Mr. DAVISON. I do not know of any that we have made, except two issues, I think it was—one several years ago and one recently.

Mr. UNTERMYER. The question is. Do you know of any that you have not made?

Mr. DAVISON. Well——

Mr. UNTERMYER. The last that you made was in September, 1912, was it not?

Mr. DAVISON. Yes: that is what I said.

Mr. UNTERMYER. $12,000,000?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Who was joined with you? Was it not the First National Bank; Lee, Higginson & Co.; and the National City Bank?

Mr. DAVISON. It was, if it says so there.

Mr. UNTERMYER. No, no.

Mr. DAVISON. Excuse me. I will find out. [After examination of papers.] Yes; it was Lee, Higginson & Co. and the First National Bank and the National City Bank.

Mr. UNTERMYER. Were you interested in two issues of the Western Electric Co. of first mortgage bonds—one made in January, 1910, and one in November, 1910?

Mr. DAVISON. I have no recollection of it.

Mr. UNTERMYER. One issue of $8,750,000 made by Lee, Higginson & Co.—do you remember anything about that?

Mr. DAVISON. I have no recollection of it whatever.

Mr. UNTERMYER. I call your attention to Exhibit No. 216, of an issue through Lee, Higginson & Co., November, 1910, Western Electric Co. first mortgage 5 per cent bonds, in which J. P. Morgan & Co., the Illinois Trust & Savings Bank, and the First Trust & Savings Bank were among the participants? Do you remember anything about that?

Mr. DAVISON. I have no recollection of it whatever. If that list was submitted by Lee, Higginson & Co. it is undoubtedly true.

Mr. UNTERMYER. Are you in the habit of participating in the issues of companies that compete with the companies for which you are bankers or whose securities you are issuing?

Mr. DAVISON. It would depend entirely upon the circumstances.

Mr. UNTERMYER. But you would not object to doing so, would you?

Mr. DAVISON. Not necessarily; no, sir.

Mr. UNTERMYER. You say that they are active competitors. Are Lee, Higginson & Co. their bankers?

Mr. DAVISON. I really do not know. I infer from what you state that they must be.

Mr. UNTERMYER. Do you believe in holding companies or do you share Mr. Schiff's view that holding companies should be prevented?

Mr. DAVISON. I would not want to be misunderstood on this. Generally speaking, I think I have a prejudice against holding companies.

Mr. UNTERMYER. Most of the companies that your firm have organized in the industrial world have been holding companies, have they not?

Mr. DAVISON. Yes, but——

Mr. UNTERMYER. Can you name any that have not been?

Mr. DAVISON. In that respect I would qualify my opinion.

Mr. UNTERMYER. You mean you would qualify it by excluding those you have organized?

Mr. DAVISON. No; I beg your pardon; that is not my qualification, and I was careful to state that on general principles I do not believe in holding companies. But I believe there are conditions which warrant them and in which that is the proper way of handling the business.

Mr. UNTERMYER. Will you be good enough to name any industrial companies, of all those organized by J. P. Morgan & Co., that were not organized as holding companies?

Mr. DAVISON. I am not familiar with the organization of the United States Steel Corporation.

Mr. UNTERMYER. Do you not know that that was a holding company, and is so to-day?

Mr. DAVISON. You interrupted me. In practice I will say this, that I do not see the real difference between the entity of those subsidiaries being kept or their being merged. In that case, if I believed in combination at all, I do not see any objection to its taking the form of a holding company rather than the form of a merger.

Mr. UNTERMYER. But, Mr. Davison, let us find out whether you favor holding companies or whether you do not favor them, or whether you favor them sometimes and do not favor them at other times, or whether you have any pronounced view on the subject.

Mr. DAVISON. Well, I am saying in that instance I do not see the difference between an actual merger and the retaining of the entity of the subsidiary and holding it in stock.

Mr. UNTERMYER. Do you not think that if for instance the United States Steel Corporation had acquired, we will say, 70 per cent of the stock of the National Tube Co., by way of illustration, and it then proceeded to use the National Tube Co. as a subsidiary for making the most money for the United States Steel Corporation, there might be many conditions under which that would have been a great wrong to the minority stockholders?

Mr. DAVISON. I do.

Mr. UNTERMYER. And is not that one of the vices of a holding company?

Mr. DAVISON. It may be.

Mr. UNTERMYER. That it may be run for the benefit of the holding company or the parent company, rather than the sole undivided benefit of the subsidiary?

Mr. DAVISON. I think that may even be the case.

Mr. UNTERMYER. I understand that that would not apply to the United States Steel Corporation, because they own nearly all the stock of those companies.

Mr. DAVISON. Yes; it would not apply to them if you believe in the United States Steel Corporation as a whole. I do not see any difference in their holding practically 100 per cent of the stock in their control and having it merged in effect.

Mr. UNTERMYER. Do you believe that three or four or half a dozen men as individuals should be allowed to monopolize any industry, or as many as they can, provided they do not happen to do it through the medium of a holding company?

Mr. DAVISON. I do not know how you can prevent it if they have the financial ability to do it.

Mr. UNTERMYER. As an economic question do you believe that ought to be permitted, and have half a dozen individuals permitted to get a complete monopoly of any industry?

Mr. DAVISON. I have never known any case of that kind that would not correct itself.

Mr. UNTERMYER. Then you do not see any objection to it as long as it does not utilize a holding company, but they just get together

and together own all the industries? You see no economic objection to that?

Mr. DAVISON. If in practice it were wrong it could not live.

Mr. UNTERMYER. You see no objection to anybody having the right to try it on, do you?

Mr. DAVISON. Of course I see an objection to a direct endeavor to make a monopoly, for the purpose of having a monopoly, of anything.

Mr. UNTERMYER. Why would you suppose they would want to have a monopoly except to have a monopoly?

Mr. DAVISON. You say why would they want to have a monopoly except to have a monopoly? Of course I would object in principle to a plan being set forth to acquire a monopoly.

Mr. UNTERMYER. Mr. Schiff has testified here that so long as individuals combined together he would allow them to combine to get a monopoly in any industry, or as many as they chose to, provided they did not do it through the operation of a holding company. Do you agree to that view?

Mr. DAVISON. I would think——

Mr. UNTERMYER. Do you agree to that view?

Mr. DAVISON. I have got to answer that question in my way, or I can not answer it. I would not approve of that being accomplished, but at the same time I know that it can not be accomplished and live. I think these things correct themselves.

Mr. UNTERMYER. Let us see. Suppose, we will say, the beef packers, owning their plants individually, were permitted to combine—you understand?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Into one company, owning them; not having a holding company, but owning them through one company.

Mr. DAVISON. Yes.

Mr. UNTERMYER. And suppose that they represented a monopoly in the business?

Mr. DAVISON. Yes.

Mr. UNTERMYER. You see no economic objection to that?

Mr. DAVISON. I would see no necessity for a law to prevent it.

Mr. UNTERMYER. You would see no necessity for a law preventing it?

Mr. DAVISON. It would correct itself. It could not stand.

Mr. UNTERMYER. Let us see how it would correct itself. You would let it correct itself?

Mr. DAVISON. It would; you could not stop it.

Mr. UNTERMYER. You mean correct itself through what?

Mr. DAVISON. I mean it would break by reason of its character.

Mr. UNTERMYER. How long do you think it would take to break?

Mr. DAVISON. I think it would break immediately.

Mr. UNTERMYER. You think it would break as soon as it was formed?

Mr. DAVISON. It would break in the making.

Mr. UNTERMYER. Have you ever heard of the existence of trusts in this country?

Mr. DAVISON. I just have a faint recollection that I have heard that.

Mr. UNTERMYER. You do not think there is any such thing as a trust, do you?

Mr. DAVISON. I do not know just what you mean by trusts. Of course, in the common acceptation, I know there are trusts.

Mr. UNTERMYER. You know there are trusts and you know that the Supreme Court of the United States have called them trusts?

Mr. DAVISON. Exactly; yes.

Mr. UNTERMYER. You are not opposed to them, are you?

Mr. DAVISON. I would not say that I am not opposed to them in the making, but I certainly was not opposed to them after they were made. I think they are a great blessing to the country.

Mr. UNTERMYER. You think they still are a great blessing?

Mr. DAVISON. Not as great as they were before they were disturbed.

Mr. UNTERMYER. But do you think the disturbance has been unwarranted and that it should be stopped?

Mr. DAVISON. I do not say unwarranted. I think it is unfortunate for the people of the entire world.

Mr. UNTERMYER. You think it has been unfortunate for the people that the Government has attempted at all to interfere with those trusts?

Mr. DAVISON. I am not saying that; not at all. I do not believe in monopoly. I do not believe in oppression and I do not believe in any other thing which is the thing you are attemptng to point out, but it is not at all clear that you can just arbitrarily say "This is wrong and that is right." I think that is a matter that requires very great and careful consideration.

Mr. UNTERMYER. Yes; but we are not generalizing quite to that very vague extent. What I want to do is to get a concrete opinion from you as to whether, in your judgment, it was wrong to have interfered with those trusts as the courts have done?

Mr. DAVISON. No; not if they were illegal and violating the law; of course I do not. I would not say that. I think it would have been better, I decidedly think it would have been better, to have approached it the other way and correct the law and put a supervision and control over them. You can not any more disintegrate those trusts in effect and in fact than you can put this continent over on the other side of the Pacific Ocean.

Mr. UNTERMYER. You do not think they can ever be dissolved?

Mr. DAVISON. I do not think they can ever be dissolved. I think they can be, but you can not go back 20 years to the old practices, in my judgment.

Mr. UNTERMYER. You believe, then, in a regulated monopoly?

Mr. DAVISON. I do, decidedly. In a what?

Mr. UNTERMYER. A regulated monopoly under a government control?

Mr. DAVISON. Generally speaking, I do not believe in monopoly.

Mr. UNTERMYER. How near do you believe in coming to that monopoly?

Mr. DAVISON. I think there is a line.

Mr. UNTERMYER. Where is the line?

Mr. DAVISON. General experience and practice will determine that line.

Mr. UNTERMYER. Who is to determine it?

Mr. DAVISON. The public will determine it; the people will determine it.

Mr. UNTERMYER. How is a man to know when he has reached the line?

Mr. DAVISON. The public will intimate it to him.

Mr. UNTERMYER. Whom do you mean by the public?

Mr. DAVISON. I mean conditions.

Mr. UNTERMYER. What do you mean by that?

Mr. DAVISON. The conditions governing and controlling?

Mr. UNTERMYER. These are all vague and visionary terms. What I want to know is who is to determine where the line is to be drawn?

Mr. DAVISON. My drawing of the line for that would be very vague, and I do not want to draw that line.

Mr. UNTERMYER. Is that the best you can do for us on this problem?

Mr. DAVISON. Yes. It is the best I can do. If I have made myself clear, if you put any value on my opinion, I do believe decidedly in control and regulation, but not in disintegration; but I do not believe in monopoly.

Mr. UNTERMYER. You believe in combinations, do you not?

Mr. DAVISON. I do; certainly.

Mr. UNTERMYER. You believe in combinations unrestricted?

Mr. DAVISON. What do you mean by unrestricted? I do not think I do.

Mr. UNTERMYER. As much of a combination as can be put together?

Mr. DAVISON. No; I do not believe in monopoly.

Mr. UNTERMYER. What I want to know is how much competition you think ought to be left open—what limits should be put upon combinations?

Mr. DAVISON. I do not know. That is a very difficult question to answer—whether you can sit down and say it shall be 63 per cent or 71 per cent or 49 per cent; but I think that would take care of itself.

Mr. UNTERMYER. You are opposed to competition, are you not?

Mr. DAVISON. No; I am not.

Mr. UNTERMYER. You are opposed to free competition?

Mr. DAVISON. I am opposed—I would rather have regulation and control than free competition.

Mr. UNTERMYER. You would rather have combination with regulation than uncontrolled competition?

Mr. DAVISON. I would.

Mr. UNTERMYER. How recently did Morgan & Co. buy their interest in the National City Bank?

Mr. DAVISON. Have you not a statement of that?

Mr. UNTERMYER. I have the amount, but not the date. It does not show the date here. That is owned by the firm of J. P. Morgan & Co.?

Mr. DAVISON. Yes.

Mr. UNTERMYER. And its present value is about $6,000,000?

Mr. DAVISON. About $6,000,000.

Mr. UNTERMYER. Can you tell us when it was acquired?

Mr. DAVISON. I should say within three or four years. I do not know.

Mr. UNTERMYER. These principal holdings in the Bank of Commerce were acquired within a few years?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Have Mr. Morgan's present holdings in the First National Bank—14,500 shares, his individual holdings—been held by him any length of time; that is the par value, 14,500 shares?

Mr. DAVISON. Yes. As a matter of fact, that is a firm holding, as that statement shows.

Mr. UNTERMYER. You mean the 14,500 shares?

Mr. DAVISON. Yes.

Mr. UNTERMYER. The list of stockholders gives that 14,500 as Mr. Morgan's individual holding.

Mr. DAVISON. Well, it may be in his name, but it belongs to the firm, as was testified to.

Mr. UNTERMYER. You have a thousand shares. That is worth about 1025 at the last quotation?

Mr. DAVISON. The last quotation was about that; yes.

Mr. UNTERMYER. How long has that 14,500 shares been held?

Mr. DAVISON. A good many years.

Mr. UNTERMYER. All of it?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Why, most of it was only recently issued, was it not?

Mr. DAVISON. As a matter of fact, I think it was around 1904 or 1905.

Mr. UNTERMYER. Were you familiar with that increase of stock?

Mr. DAVISON. Only in a very general way.

Mr. UNTERMYER. You were there?

Mr. DAVISON. No; it was farther back than that. It was before 1902.

Mr. UNTERMYER. You made an increase to ten millions?

Mr. DAVISON. Yes. It was over 10 years ago.

Mr. UNTERMYER. Do you know what Mr. Baker did with the 40 per cent of those increased stocks?

Mr. DAVISON. I do not.

Mr. UNTERMYER. You know that only 60 per cent was distributed, do you not?

Mr. DAVISON. No; I understood it was all distributed.

Mr. UNTERMYER. Mr. Baker testified that 40 per cent of it he kept and distributed around.

Mr. DAVISON. Yes; I undestand.

Mr. UNTERMYER. Not to the stockholders.

Mr. DAVISON. No.

Mr. UNTERMYER. Do you know what he did with it?

Mr. DAVISON. I do not know.

Mr. UNTERMYER. Have you here a list of the assets of the First Security Co.?

Mr. DAVISON. I have not.

Mr. UNTERMYER. Were you asked to produce such a list?

Mr. DAVISON. Not to my knowledge; no.

Mr. UNTERMYER. Were you not asked to produce a statement of the value of the assets turned over to the First Security when it was organized, at the time they were turned over, and their value at the time of the last statement?

Mr. DAVISON. No, sir; I have never been asked any question with regard to the First Security Co.

Mr. UNTERMYER. I think Mr. Baker was asked.

Mr. DAVISON. I was not.

Mr. UNTERMYER. Suppose this committee should determine to recommend to the House of Representatives that the great banking institutions of New York and the other four reserve cities should be free and kept free from interrelations that are likely to result in a community of interest, and should be made to keep entirely independent of one another, so that no officer or director of one should be permitted to be an officer or director of another potentially competing institution, either directly or through a partner, agent, nominee, or dummy, what effect would the adoption of such a recommendation and the passage of such a law, in your judgment, have on the method of conducting large financial transactions?

Mr. DAVISON. I think it would set us back about 25 years.

Mr. UNTERMYER. Let us see why—why the breaking up of these interlocking directorates is going to set you back at all. Do you not know that in other countries they are not permitted?

Mr. DAVISON. I know nothing of the kind. Do you know it?

Mr. UNTERMYER. One moment. Do you not know that in all the banks of Great Britain there is but one instance in which the same man is a director in any two institutions?

Mr. DAVISON. And do you not know that there are only 116 banks in the entire Great Britain?

Mr. UNTERMYER. I am asking you one question and you are asking me another.

Mr. DAVISON. I am answering you.

Mr. UNTERMYER. No; you are not. I am asking you whether you know that.

Mr. DAVISON. If they only had one bank you would only have to have one directorate.

Mr. UNTERMYER. How many clearing-house banks have you in New York?

Mr. DAVISON. I think there are 63; and there are 17 in London.

Mr. UNTERMYER. Do you not know that in all of Great Britain there is only one instance, and that by special arrangement, in which one man is a director in more than one institution? Do you know it or do you not?

Mr. DAVISON. I know there is no occasion for that, because they are all consolidated, and they have only 116 banks in all of Great Britain.

Mr. UNTERMYER. And in those 116 banks are there any interlocking directors?

Mr. DAVISON. That I can not tell you, but they certainly do not need any.

Mr. UNTERMYER. Are there in Germany or France?

Mr. DAVISON. They do not need any.

Mr. UNTERMYER. Will you answer my question?

Mr. DAVISON. And four banks in France hold 85 per cent. They do not need any interlocking directors.

Mr. UNTERMYER. Do you not know that those four banks in France are absolutely independent?

Mr. DAVISON. Do I not know it?

Mr. UNTERMYER. Will you not answer my question?

Mr. DAVISON. Yes; I know it.

Mr. UNTERMYER. Do you not know that the German banks are divided into independent groups?

Mr. DAVISON. I do not know what you mean by independent groups.

Mr. UNTERMYER. That they have entirely separate management, separate directors, and that there is no identity between them?

Mr. DAVISON. I know nothing of the kind, except that I know quite to the contrary.

Mr. UNTERMYER. In Germany is the same man a director in more than one bank? Name one.

Mr. DAVISON. I am going to name one in answer to that question There is an institution in Germany known as the Consocien, and there are 15 directors, and those 15 directors represent all the institutions in the city of Berlin, with ramifications all through Germany.

Mr. UNTERMYER. Do you know that the Consocien is a single institution with branch banks?

Mr. DAVISON. Only——

Mr. UNTERMYER. Will you not answer my question?

Mr. DAVISON. What do you mean by a single institution?

Mr. UNTERMYER. It is one corporation.

Mr. DAVISON. Every corporation is one corporation.

Mr. UNTERMYER. It is one corporation.

Mr. DAVISON. Yes; it is one corporation.

Mr. UNTERMYER. And it has branch banks?

Mr. DAVISON. It has branch banks.

Mr. UNTERMYER. You know that the English banks have branch banks?

Mr. DAVISON. I know; about 7,000 of them.

Mr. UNTERMYER. You know French banks have branch banks?

Mr. DAVISON. I do.

Mr. UNTERMYER. Do you know of any one of those banks with its branch banks—do you know of any instance in Germany, France, or England—in which a director is a director in any other bank? If you do, name it.

Mr. DAVISON. I do.

Mr. UNTERMYER. Where?

Mr. DAVISON. The Banque de la Machine, in Paris.

Mr. UNTERMYER. Who is a director in that bank who is a director in any other bank?

Mr. DAVISON. The directors of the Banque de la Machine are directors of all the banks.

Mr. UNTERMYER. They are only directors in their own branches?

Mr. DAVISON. Not at all; they are directors in the important banks of the Comptoir D'Escompte, the Société General, and the Credit Lyonnais. Talk about consolidation, we have only started in this country.

Mr. UNTERMYER. Do you not know that it is not permitted by law for a man to be a director in more than one bank in France?

Mr. DAVISON. Where; in France?

Mr. UNTERMYER. Yes.

Mr. DAVISON. I do not know that.

Mr. UNTERMYER. Do you know anything about it?

Mr. DAVISON. Yes; I think I do.

Mr. UNTERMYER. Where did you get your information?

Mr. DAVISON. I got it in Paris as to France.

Mr. UNTERMYER. Do you know the regulation as to Belgium.

Mr. DAVISON. I am not familiar with the laws of Belgium.

Mr. UNTERMYER. You speak of France: you are familiar with France, are you not.

Mr. DAVISON. More or less.

Mr. UNTERMYER. Do you not know as to the Bank of France that its charter does not permit any director to be chosen from the banking interests; that he must be chosen from the commercial and industrial classes?

Mr. DAVISON. That is very possible.

Mr. UNTERMYER. That is right.

Mr. DAVISON. That is very possible.

Mr. UNTERMYER. Do you know why the Bank of France excludes bankers from its board of directors?

Mr. DAVISON. No; I do not.

Mr. UNTERMYER. Do you know the policy of the law?

Mr. DAVISON. Of the law?

Mr. UNTERMYER. Of the French law that excludes them? Is it not because they do not want them to be dealing with themselves?

Mr. DAVISON. I do not understand that they are dealing with themselves.

Mr. UNTERMYER. How about the English law? Do you know about the rule there?

Mr. DAVISON. I think I know something about it.

Mr. UNTERMYER. Do you know that under the charter of the English law bankers and brokers and bill discounters and directors of other banks operating in England are excluded as directors?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Do you know that law?

Mr. DAVISON. No; do you?

Mr. UNTERMYER. Yes.

Mr. DAVISON. Well, it is not so—not in our interpretation.

Mr. UNTERMYER. Well, it is so, and the Monetary Commission has so reported.

Mr. DAVISON. I beg your pardon. Baring Bros. & Co. are bankers, according to my interpretation.

Mr. UNTERMYER. I am reading from a reference book, page 8.

Mr. DAVISON. I am entirely familiar with that.

Mr. UNTERMYER. You are?

Mr. DAVISON. I am entirely familiar with it. It does exclude "bankers," but what we call bankers they call merchants.

Mr. UNTERMYER. I refer you to Senate Document 405. Have you ever read it—the Monetary Commission's report?

Mr. DAVISON. Yes; I have. But the head of the house of Baring Bros. & Co., who are bankers, and who are doing this financing which you are calling attention to, is on the board of the Bank of England, and he is called a merchant.

Mr. UNTERMYER. I am asking you as to the law in England.

Mr. DAVISON. Yes.

Mr. UNTERMYER. And I am asking you as to the Bank of Belgium.

Mr. DAVISON. I think we ought to deal with first-class powers on this subject.

Mr. UNTERMYER. I have dealt with England and France.

Mr. DAVISON. And I have shown that we have not started in concentration as compared with them.

Mr. UNTERMYER. Are you in favor of further concentration?

Mr. DAVISON. It depends upon the development of the country.

Mr. UNTERMYER. Taking the situation as it is to-day, are you in favor of further concentration in New York?

Mr. DAVISON. What do you mean by further concentration?

Mr. UNTERMYER. You have been talking about concentration. Let us take it according to what you think you mean. Are you in favor of further concentration in the banking interests in New York and through the country?

Mr. DAVISON. I say that it depends entirely on the development of the country. As the country has developed to-day, as it stands to-day, and as the requirements of commerce are, I think the resources are sufficient to take care of it.

Mr. UNTERMYER. We are not talking about resources: we are talking of the concentration of existing resources.

Mr. DAVISON. So am I.

Mr. UNTERMYER. I ask you whether you are in favor of further concentration, and I would like you to answer that question?

Mr. DAVISON. I answer that question by saying that it depends entirely upon the development of commerce and industry of this country?

Mr. UNTERMYER. Well, taking the development of commerce and industry in this country at its present stage of development this afternoon, are you in favor of further concentration?

Mr. DAVISON. I should say that the bank facilities in New York are quite competent to take care of all the business that comes to New York.

Mr. UNTERMYER. Are you in favor of further concentration?

Mr. DAVISON. I decline to answer the question beyond what I have answered.

Mr. UNTERMYER. You know whether you are or not?

Mr. DAVISON. I have answered your question.

Mr. UNTERMYER. You have not told me whether you favor further concentration or not.

Mr. DAVISON. I have told you that I believe the bank resources of New York are quite sufficient to-day to take care of commerce. But if you go on and disintegrate all the business of the country I think we can get along with less resources.

Mr. UNTERMYER. Without scolding the law and the courts, which it is not necessary to do at this time, will you be good enough to tell us what the question of the resources has to do with the question of concentration of those resources? I am asking you to tell me by a plain answer whether you favor further concentration of existing resources?

Mr. DAVISON. And my answer is, not until the commerce and the requirements of the development of the commerce and industry of this country require it.

Mr. UNTERMYER. If two banks, each with one hundred millions of resources, get into the hands of the same man, does that increase the resources of the country?

Mr. DAVISON. In the first place——

Mr. UNTERMYER. Does it or not?

Mr. DAVISON. If they are in the hands of the same man, why do you not merge them?

Mr. UNTERMYER. I say, does it?

Mr. DAVISON. What is your hypothesis?

Mr. UNTERMYER. If two banks, owned each by one man or owned by two groups of men, get into the hands of one man or two men, it does not increase the resources of those two men?

Mr. DAVISON. It certainly does not. The ownership does not increase the resources.

Mr. UNTERMYER. Now, then, would the concentration and combination of all the banks in New York increase the banking resources?

Mr. DAVISON. By that one act alone?

Mr. UNTERMYER. Yes.

Mr. DAVISON. No; but that act has a good deal of influence upon other acts.

Mr. UNTERMYER. Of course if they were all concentrated with one person, he would be better able to oppose all new competition and extinguish it, would he not?

Mr. DAVISON. He would have greater control and authority; yes.

Mr. UNTERMYER. So that he could make these resources more powerful than they would be in the hands of different men?

Mr. DAVISON. I did not refer to the power of resources.

Mr. UNTERMYER. Well, I do.

Mr. DAVISON. Well, I do not.

Mr. UNTERMYER. I am asking the question just now. Do you not think that it would increase the power of that man, when the resources were concentrated, over and above the power of the different men? In other words, if these resources were concentrated, would they not have greater power and efficacy than if they were scattered, just like the energies of men if they were scattered?

Mr. DAVISON. No; I would not think so. There are only 100 cents in every dollar.

Mr. UNTERMYER. If that is so, there is not much use in concentration, is there?

Mr. DAVISON. I think there is.

Mr. UNTERMYER. If there are only 100 cents in every dollar, and these resources scattered are just as effective as when they are concentrated, do you think there would be any use in concentration under those circumstances?

Mr. DAVISON. It depends upon what you mean by "effective."

Mr. UNTERMYER. Taking your meaning of effective, would there be any difference?

Mr. DAVISON. Would there be any difference in what?

Mr. UNTERMYER. Would those resources give greater power in the hands of one man than if they were scattered?

Mr. DAVISON. I think it is an undeniable fact that the more the resources of an individual increase the more he has power.

Mr. UNTERMYER. Within what length of time has it been that J. P. Morgan & Co. have done most of their issuing business in joint account? Has it been within your time?

Mr. DAVISON. No; I think it was a little before my time.

Mr. UNTERMYER. You think it started a little before your time?

Mr. DAVISON. I think it started a little before my time. In fact, the evidence shows that it did.

Mr. UNTERMYER. Were you concerned in the sale by the First Security Co. of 15,000 shares of its 28,000 shares of Chase Bank stock?

Mr. DAVISON. You mean was I concerned in the sale?

Mr. UNTERMYER. Did you take part in the sale?

Mr. DAVISON. I did not.

Mr. UNTERMYER. Are you not a director in the First Security Co.?

Mr. DAVISON. I am.

Mr. UNTERMYER. Did they sell the stock without the consent of the directors?

Mr. DAVISON. I do not think they did, but I personally was not consulted in that matter.

Mr. UNTERMYER. Did you get any of the stock?

Mr. DAVISON. I did not, but I hope I am going to get 100 shares of it.

Mr. UNTERMYER. Out of the 15,000?

Mr. DAVISON. Out of the 15,000.

Mr. UNTERMYER. That is all you are looking for?

Mr. DAVISON. That is all I expect.

Mr. UNTERMYER. Who is getting the rest?

Mr. DAVISON. I do not know. Mr. Wiggin asked me one day——

Mr. UNTERMYER. I say you do not know who got the rest?

Mr. DAVISON. I do not. In reply to your last question I would like to say that J. P. Morgan & Co. and its associates in any way are not getting any of that stock, so far as I know, with that exception.

Mr. UNTERMYER. Are you opposed to the incorporation of clearing houses?

Mr. DAVISON. I have not given quite enough thought to the subject to answer.

Mr. UNTERMYER. Have you not made up your mind?

Mr. DAVISON. No.

Mr. UNTERMYER. Have you made up your mind?

Mr. DAVISON. If I were to answer it now I would say I am opposed to it. So far as my mind acts now, I am opposed to it.

Mr. UNTERMYER. Have you made up your mind?

Mr. DAVISON. I think a voluntary association is much more effective than a forced one.

Mr. UNTERMYER. You think the less legal restrictions, the better it would be?

Mr. DAVISON. In that character of organization; yes.

Mr. UNTERMYER. If there were no laws you would be better off, you think?

Mr. DAVISON. We would be much better off without many.

Mr. UNTERMYER. I have no doubt; and that applies to the stock exchange?

Mr. DAVISON. Yes: I think it would be a mistake to incorporate the stock exchange.

Mr. UNTERMYER. And you think it would be a mistake also to prevent a corporation, with large numbers of shareholders, from putting their money on deposit with private bankers?

Mr. DAVISON. Yes.

Mr. UNTERMYER. You think it would be a great mistake?

Mr. DAVISON. I think that would be most unfortunate.

Mr. UNTERMYER. That is a purely impartial view?
Mr. DAVISON. Entirely so.

At 5 o'clock p. m. the subcommittee adjourned until tomorrow, Friday, January 24, 1913, at 11 o'clock a. m.

EXHIBIT 201, JANUARY 22, 1913.

Form 040.

OFFICE OF J. S. BACHE & CO.

Bankers & Brokers, 42 Broadway, New York.

To ———

Please note that in compliance with your instructions we have this day sold for your account and risk:

Quantity.	Description.	Price.	Time.	To whom sold.	Com. & tax.	

which we now confirm.

Yours, truly,

J. S. BACHE & Co.,
Per ———.

It is agreed between broker and customer:

1. That all transactions are subject to the rules and customs of the New York Stock Exchange and its clearing house.

2. That all securities from time to time carried in the customer's marginal account, or deposited to protect the same, may be loaned by the broker, or may be pledged by him either separately or together with other securities, either for the sum due thereon or for a greater sum, all without further notice to the customer.

EXHIBIT 201A, JANUARY 22, 1913.

Form 041.

OFFICE OF J. S. BACHE & CO.

Bankers & Brokers, 42 Broadway, New York.

To ———

Please note that in compliance with your instructions we have this day bought for your account and risk:

Quantity.	Description.	Price.	Time.	Of whom bought.	Commission.	

It is agreed between broker and customer:

1. That all transactions are subject to the rules and customs of the New York Stock Exchange and its clearing house.

2. That all securities from time to time carried in the customer's marginal account or deposited to protect the same may be loaned by the broker or may

be pledged by him either separately or together with other securities, either for the sum due thereon or for a greater sum, all without further notice to the customer.
which we now confirm.
Yours, truly,

J. S. BACHE & Co.,
Per ———.

EXHIBIT 201½. JANUARY 22, 1913.

NATIONAL CITY BANK OF NEW YORK.

Capital	$25,000,000
Surplus	$25,000,000
Total number of shareholders	917
Number of shareholders holding 1,000 shares or over	47

List of shareholders holding 1,000 shares or over.

Name.	Address.	Number of shares.
Armour, J. Ogden	Chicago, Ill	1,000
Astor, Wm. Waldorf	New York, N. Y	1,253
Bacon, Robert	do	1,000
Bessemer Investment Co	do	1,000
Dodge, Cleveland H	do	2,500
Fairchild, Chas. S	Cazenovia, N. Y	1,125
Gardiner, Sarah T	New York, N. Y	1,000
Hart, Benjamin (estate of)	Paris, France	1,000
Harkness, Edward S	New York, N. Y	1,250
Harkness, Charles W	do	1,250
Harriman, Mary W	do	1,000
Havemeyer, Louisine W	do	1,350
Howland, Horace F	do	1,000
Iselin, A., & Co	do	2,165
Kane, John Grenville (estate of)	do	1,512
Kidder, Peabody & Co	Boston, Mass	1,000
Lewis, Frederick E	Ridgefield, N. J	3,207
Lewis, Percy P	Bedford Village, N. Y	3,207
Morgan, J. P	New York, N. Y	5,000
Morgan, J. P., jr	do	1,000
Morgan, J. P., & Co	do	9,000
Moulton, Catherine T	South Orange, N. J	3,207
Palmer, Stephen S	Princeton, N. J	2,242
Phelps, Wm. Walter, estate of	New York, N. Y	2,437
Prince, F. H., & Co	Boston, Mass	1,162
Pyne, M. Taylor	Princeton, N. J	8,267
Pyne, M. Taylor, and Stephen S. Palmer, trustees for Kate W. Winthrop.	do	7,699
Pyne, M. Taylor, and Stephen S. Palmer, trustees for Henry A. C. Taylor.	do	7,699
Pyne, Percy R	Bernardsville, N. J	8,267
Rockefeller, Wm	New York, N. Y	10,600
Rockefeller, John D	do	1,750
Russell, Albertina T	Princeton, N. J	8,267
Sloan, Samuel, estate of	New York, N. Y	6,280
Sterling, John W	do	6,087
Stillman, James	do	47,498
Stillman, James A	do	2,250
Stillman, Chas. C	do	1,000
Stillman, Ernest G	do	1,100
Taylor, Henry A. C	Newport, R. I	2,659
Thompson, Elizabeth	New York, N. Y	1,000
Thompson, Mary G	do	1,600
Thompson, Chas. G	do	1,700
United States Trust Co. of New York	do	4,500
Watson, Emily A	do	2,225
Whittell, George	do	2,900
Winthrop, Kate W	do	1,924
Woodward, William	do	1,710

EXHIBIT No. 202, JANUARY 22, 1913.

CONTINENTAL-COMMERCIAL NATIONAL BANK, OF CHICAGO, ILL.

Capital	$21,560,000
Surplus	$8,000,000
Total number of shareholders	1,610
Number of shareholders holding 1,000 shares or over	42

List of shareholders holding 1,000 shares or over.

Name.	Address.	Number of shares.
Allen, Chas. W., estate of	Kenosha, Wis.	1,500
Allen, Nathan	do	1,800
Armour, J. Ogden	Chicago, Ill.	9,250
Armour, Mrs. Malvina B	do	3,276
Black, John C	do	6,007
Burnham, Daniel H., estate of	do	1,038
Butterworth, William, and Burton F. Peek, trustees under the will of Charles H. Deere, deceased	Moline, Ill.	1,104
Chapin, S. B., & Co	Chicago, Ill.	1,653
Clarke, Henry B	do	1,390
Cowles, Alfred	do	1,900
Deering Harvester Co., a copartnership	do	2,009
Eckhart, B. A	do	1,449
Fowler, James M	Lafayette, Ind.	1,500
Gary, E. H	New York, N. Y.	4,035
Harris, Mrs. Eleanor S	Chicago, Ill.	3,550
Harris, John F	New York, N. Y.	1,000
Illinois Life Insurance Co	Chicago, Ill.	2,000
Judd, Curtis J	Dwight, Ill.	1,497
King, Chas. G., and Rockwell King, as trustees of the estate of Charles B. King, deceased	Chicago, Ill.	1,000
Lincoln, Robert T	Chicago, Ill.	1,210
McVeagh, Emily Eames	Washington, D. C.	3,637
McVeagh, Franklin	do	1,001
Mayer, Levy	Chicago, Ill.	1,250
Morgan, J. P	New York, N. Y.	1,000
Morse, Chas. H	Chicago, Ill.	1,900
Morton, Joy	do	2,400
McElwee, Mrs. Elizabeth S	do	4,156
McElwee, Robert H	do	2,483
National Life Insurance Co. of United States of America	do	1,000
Patten, James A	do	3,167
Potter, Edwin A	do	1,096
Potter, Edwin A., trustee	do	1,000
Reynolds, George M	do	2,802
Rogan, J. B., estate of	Glendale, Ohio	1,518
Roloson, R. W	Chicago, Ill.	1,100
Spalding, Elizabeth Clarke	do	3,723
Timber Loan Co	St. Paul, Minn.	1,395
Walker, Mrs. Jessie S	Chicago, Ill.	3,666
Wilson, M. H	do	3,517
Woodin, G. G	do	1,150
Wrenn, Howard A	do	1,500
Zeller, Fairman & Co	do	1,017

EXHIBIT 203, JANUARY 22, 1913.

THE NATIONAL BANK OF COMMERCE IN NEW YORK.

Capital $25,000,000
Surplus $10,000,000
Total number of shareholders 3,060
Number of shareholders holding 1,000 shares or over 32
Morgan, J. P., listed as holding 500 shares.

List of shareholders holding 1,000 shares or over.

Name.	Address.	Number of shares.
Astor, William Waldorf	New York, N. Y.	1,000
Baker, Geo. F	do	10,500
Davison, H. P	do	1,100
Equitable Life Assurance of United States	do	24,700
Goodhart, P. J., & Co	do	1,480
Harriman, Mary W	do	5,650
Hemenway, A., Morris Gray and John C. Gray, trustees of estate.	Boston, Mass	1,075
Hemphill, Alexander J	New York, N. Y.	2,010
Jarvie, James N	do	1,215
Juilliard, Augustus D	do	2,000
Kidder, Peabody & Co	Boston, Mass	1,175
Morgan, J. P., jr	New York, N. Y.	1,100
Morgan, J. P	do	500
Morgan, J. P., & Co	do	7,800
Morton, Levi P	do	1,500
Mutual Life Insurance Co	do	17,294
Marston, John D	do	4,900
Nichols, Edward T	do	1,000
Northern Finance Corporation	do	1,500
Reynolds, Thos. A	do	3,175
Ryan, Thos. F	do	5,100
Saltus, J. Sanford	Paris, France	4,382
Sanford, A. H	New York, N. Y.	1,700
Schiff, Jacob H	do	1,000
Smith, Harry O	do	1,500
Snyder, V. P	do	1,000
Thomas, Egbert E	do	1,500
Thornley, Frederick, jr	do	1,500
Twombley, H. McK	do	1,250
Warburg, Paul M	do	3,000
Whitney, Wm. C	do	1,500
Whittell, George	San Francisco, Cal	1,000
Winthrop, Robert & Co., agents	New York, N. Y.	4,000

EXHIBIT 204, JANUARY 22, 1913.

THE CHASE NATIONAL BANK OF NEW YORK, N. Y.

Capital $5,000,000
Surplus $5,000,000
Total number of shareholders 83
Number of shareholders holding 1,000 shares or over 9

List of shareholders holding 1,000 shares or over.

Name.	Address.	Number of shares.
Baker, George F	New York, N. Y.	28,682
Cannon, H. W	do	1,500
Hepburn, A. B	do	1,065
Hill, J. J	do	1,500
Northern Finance Corporation	do	1,500
Thompson, Ferris S	do	6,250
Tuck, Edward	Paris, France	1,800
United States Trust Co. of New York, trustee, for Ferris S. Thompson.	New York, N. Y.	1,000
Wiggin, Albert H	do	1,000

EXHIBIT 205, JANUARY 22, 1913.

THE MECHANICS & METALS NATIONAL BANK, OF NEW YORK, N. Y.

Capital	$6,000,000
Surplus	$6,000,000
Total number of shareholders	1,244
Number of shareholders holding 1,000 shares or over	7

List of shareholders holding 1,000 shares or over.

Name.	Address.	Number of shares.
Craig, W. R	New York, N. Y	1,500
Craig, jr., Robert E	do	1,000
Cole, Thomas F	Duluth, Minn	1,647
Fox, Arnold	New York, N. Y	3,000
Ryan, John D	do	1,000
Rockefeller, William	do	1,000
Sussex Securieties Co	do	1,000

EXHIBIT 206, JANUARY 22, 1913.

THE HANOVER NATIONAL BANK OF THE CITY OF NEW YORK.

Capital	$3,000,000
Surplus	$13,000,000
Total number of shareholders	398
Number of shareholders holding 1,000 shares or over	5

List of shareholders holding 1,000 shares or over.

Name.	Address.	Number of shares.
Barbour, Wm	New York, N. Y	1,170
Donald, Jas. M	do	1,026
Rockefeller, Wm	do	1,540
Stillman, James	do	4,000
Woodward, William	do	6,557

EXHIBIT No. 207, JANUARY 22, 1913.

THE FIRST NATIONAL BANK OF CHICAGO, ILL.

Capital	$10,000,000
Surplus	$10,000,000
Total number of shareholders	717
Number of shareholders holding 1,000 shares or over	23

List of shareholders holding 1,000 shares or over.

Name.	Address.	Number of shares.
Allerton, Saml. W	Chicago, Ill	1,800
Baker, Geo. F	New York, N. Y	1,000
Bartlett, Adolphus C	Chicago, Ill	1,500
Bergquist, Grace C	do	1,832
Boston Safe Deposit & Trust Co., trustee under a trust indenture made by Samuel Nickerson, dated June 13, 1907.	Boston, Mass	1,500
Carpenter, Augustus A	Chicago, Ill	1,181
Cummins, D. M	do	2,250
Deering Harvester Co., a copartnership	do	2,000

List of shareholders holding 1,000 shares or over—Continued.

Name.	Address.	Number of shares.
First Trust & Savings Bank, as trustee for Catherine Barker and others under agreement dated Dec. 1, 1910.	Chicago, Ill	2,000
First Trust & Savings Bank, as trustee for Kate Allerton Johnstone.	do	1,200
First Trust & Savings Bank, as trustee under the will of Otto Young, deceased.	do	1,500
Forgan, Jas. B	do	1,975
Harriman, Mrs. Mary W	New York, N. Y	1,000
Hill, James J	St. Paul, Minn	1,500
Jeffery, E. T	New York, N. Y	1,550
Morris, Edward	Chicago, Ill	4,227
Morris, Ira N	do	1,212
Northern Trust Co., as trustee under the will of Sidney A. Kent, deceased.	do	1,600
Ream, Norman B	do	1,100
Rothschild, Gusta	do	1,255
Schwab, Maud Morris	do	1,443
Spoor, John A	do	1,250
Steinam, E. S	New York, N. Y	1,080

EXHIBIT No. 208, JANUARY 22, 1913.

THE NATIONAL SHAWMUT BANK OF BOSTON, MASS.

Capital	$10,000,000
Surplus	$5,000,000
Total number of shareholders	852
Number of shareholders holding 1,000 shares or over	2

List of shareholders holding 1,000 shares or over.

Name.	Address.	Number of shares.
Ayer, Frederick	Lowell, Mass	1,092
Kidder, Peabody & Co	Boston, Mass	1,879

EXHIBIT No. 209, JANUARY 22, 1913.

THE FIRST NATIONAL BANK OF BOSTON, MASS.

Capital	$5,000,000
Surplus	5,000,000
Total number of shareholders	560
Number of shareholders holding 1,000 shares or over	13

List of shareholders holding 1,000 shares or over.

Name.	Address.	Number of shares.
Brown, George W	Newton, Mass	1,333
Draper, Geo. A	Hopedale, Mass	1,250
Henshaw, Francis & Co	Boston, Mass	1,341
Hornblower, Henry	Arlington, Mass	1,033
Hornblower & Weeks	Boston, Mass	1,427
Hunt, Frank W	do	1,035
Lee, Higginson & Co	do	3,090
Preston, Andrew W	Swampscott, Mass	1,000
Springfield Fire & Marine Insurance Co	Springfield, Mass	1,250
Stone & Webster	Boston, Mass	2,975
Weeks, John W	West Newton, Mass	1,005
Wing, Daniel G	do	1,150
Winslow, Sidney W	Orleans, Mass	2,334

EXHIBIT No. 210, JANUARY 22, 1913.

THE MELLON NATIONAL BANK, PITTSBURGH, PA.

Capital	$6,000,000
Surplus	$1,800,000
Total number of shareholders	24
Number of shareholders holding 1,000 shares or over	1

List of shareholders holding 1,000 shares or over.

Name.	Address.	Number of shares.
The Union Trust Co. of Pittsburgh	Pittsburgh, Pa	59,660

EXHIBIT No. 211, JANUARY 22, 1913.

Charter No. 9297.

LIST OF SHAREHOLDERS OF THE MERCANTILE NATIONAL BANK OF ST. LOUIS, MO.

To the CASHIER:

SIR: Please enter on this blank the names and residences of the shareholders of your association and the number of shares held by each as shown by its books on Monday, July 1, 1912, as required by section 5210, U. S. R. S. The list must not be verified until July 1, 1912, and then by oath or affirmation of the cashier or president only, as verification by other officers is not permissible under the law. The official seal of the officer administering the oath must be affixed. If there is not sufficient space for the names of all shareholders, continuation sheets will be sent upon request.

Respectfully,

LAWRENCE O. MURRAY,
Comptroller.

WASHINGTON, *June 21, 1912.*

	Names (to be arranged alphabetically).	Residences (indicate town or city and State).	Number of shares (in figures).
1	Anderson, L. E	St. Louis, Mo	10
2	Bell, James W	do	10
3	Brown, Paul	do	10
4	Butler, James G	do	10
5	Campbell, James	do	10
6	Carter, W. F	do	10
7	Dozier, L. D	do	10
8	Eiseman, David	do	10
9	Griesedieck, Henry, jr	do	10
10	Kerens, R. C	Vienna, Austria	10
11	Kinsella, W. J	St. Louis, Mo	10
12	Moffitt, William	do	10
13	Markham, George D	do	10
14	McKittrick, Walter	do	10
15	McMillam, C. H	do	10
16	Mercantile Trust Co	do	14,780
17	Ruf, Frank A	do	10
18	Scullin, Harry	do	10
19	Scullin, John	do	10
20	Sullivan, John S	do	10
21	Wade, Festus J	do	10
22	Walker, J. S	do	10
23	Wilson, George W	do	10
	Total		15,000

(Acknowledgment not to be made before July 1, 1912, and then only by the president or cashier.)

The undersigned deposes and says that the foregoing is a full and correct list of the names and residences of all the shareholders and the number of shares held by each in the aforesaid national bank on Monday, July 1, 1912.

EDWARD BUDDE,
Cashier of the Mercantile National Bank of St. Louis.

STATE OF MISSOURI,
City of St. Louis, ss:

Subscribed and sworn to before me this 2d day of July, 1912.

[Official seal of officer.] THOMAS REILLEY, *Notary Public.*

Charter No. 9297.

List of shareholders on Monday, July 1, 1912, of the Mercantile National Bank of St. Louis, Mo.

Capital of bank, $1,500,000.

Total number of shares, 15,000.

Par value of each share, $100.

Total number of shareholders, 23.

This paper must contain the names of the shareholders as shown by the books of the bank on the first Monday of July. (See sec. 5210, R. S.)

The oath must be administered on or after July 1 by an officer having an official seal.

EXHIBIT No. 212, JANUARY 22, 1913.

THE FIRST NATIONAL BANK OF NEW YORK.

Capital	$10,000,000
Surplus	$15,000,000
Total number of shareholders	593
Number of shareholders holding 1,000 shares or over	13

List of shareholders holding 1,000 shares or over.

Name.	Address.	Number of shares.
Baker, Geo. F	New York, N. Y	20,000
Baker, Geo. F., jr	do	5,050
Davison, H. P	do	1,000
Dodson, R. B., and Robert Emmet, trustees for Chas. T. Garland under will of James A. Garland.	do	1,000
Fahnestock, H. C	do	10,000
Garland, Chas. T., R. B. Dodson, and Robert Emmet, trustees of the residuary estate of Jas. A Garland.	do	6,900
Garland, Chas. T., R. B. Dodson, and Robert Emmet, trustees for Louise G. Emmet under will of Jas. A. Garland.	do	1,000
Hill, James J	do	3,900
Hine, Francis L	do	1,600
Morgan, J. P	do	14,500
Mutual Life Insurance Co. of New York	do	1,000
Northern Finance Corporation	do	1,200
Thompson, Mary Clark	do	9,000

EXHIBIT No. 213, JANUARY 22, 1913.

Syndicate transactions of First National Bank and First Security Co. from Jan. 1, 1903, to Jan. 1, 1913.

Received from—	Aggregate of railroad issues.[1]	Aggregate of our participations in railroad issues.	Aggregate of industrial issues.[1]	Aggregate of our participations in industrial issues.
J. P. Morgan & Co.	$935,000,000	$130,000,000	$92,000,000	$21,000,000
National City Bank	101,000,000	15,000,000	55,000,000	6,000,000
Speyer & Co.	236,000,000	18,000,000	0	0
Kuhn, Loeb & Co.	178,000,000	10,000,000	0	0
Aziel & Co.	8,875,000	1,300,000	0	0
Guaranty Trust Co.	20,000,000	2,200,000	0	0
Tailer & Co.	6,100,000	750,000	0	0
Blair & Co.	10,500,000	2,000,000	25,000,000	1,500,000
Chase National Bank	0	0	8,000,000	1,000,000
Clark, Dodge & Co.	8,500,000	3,000,000	0	0
Drexel & Co.	46,000,000	9,000,000	25,000,000	2,750,000
Harvey Fisk & Sons	25,000,000	1,700,000	8,000,000	1,000,000
Lazard Freres	0	0	1,800,000	800,000
W. S. Fanshawe & Co.	4,700,000	2,350,000	0	0
Kidder, Peabody & Co.	11,000,000	500,000	0	0
Moffat & White	2,000,000	500,000	0	0
Lee, Higginson & Co.	0	0	0	0
Wm. A. Read & Co.	9,000,000	1,500,000	0	0
White, Weld & Co.	4,000,000	500,000	14,000,000	3,700,000
	1,606,675,000	198,300,000	228,800,000	37,750,000

Received from—	Aggregate of public-service issues.[1]	Aggregate of our participations in public-service issues.	Aggregate of State, municipal, and Government issues.[1]	Aggregate of our participations in State, municipal, and Government issues.
J. P. Morgan & Co.	$368,000,000	$30,000,000	$88,000,000	$4,500,000
National City Bank	53,000,000	4,600,000	15,000,000	2,600,000
Speyer & Co.	20,000,000	500,000	0	0
Kuhn, Loeb & Co.	0	0	3,000,000	860,000
Aziel & Co.	0	0	0	0
Guaranty Trust Co.	0	0	0	0
Tailer & Co.	0	0	0	0
Blair & Co.	0	0	0	0
Chase National Bank	0	0	9,000,000	1,400,000
Clark, Dodge & Co.	0	0	0	0
Drexel & Co.	0	0	0	0
Harvey Fisk & Sons	30,000,000	850,000	0	0
Lazard Freres	0	0	0	0
W. S. Fanshawe & Co.	0	0	0	0
Kidder, Peabody & Co.	0	0	0	0
Moffat & White	0	0	0	0
Lee, Higginson & Co.	8,200,000	500,000	0	0
Wm. A. Read & Co.	0	0	0	0
White, Weld & Co.	0	0	0	0
	479,200,000	36,450,000	115,000,000	9,360,000

[1] This amount indicates the par value of securities issued in which, in many cases, there were associates other than those from whom we received the participation.

Original purchases by First National Bank.

Date.	Description.	Aggregate of issue.	Publicly associated with us in the issue.
May 1,1905	American Cotton Oil four-and-a-halfs	$2,000,000	None.
Mar. 8,1911	American Cotton Oil fives	5,000,000	White, Weld & Co.
Feb. 10,1911	Chicago, Burlington & Quincy general fours.	8,000,000	None.
	Chinchow Ry. 5 per cent loan	40,000,000	Joint purchase with J. P. Morgan & Co., National City Bank, and Kuhn, Loeb & Co.
	Chinese currency reform 5 per cent loan.	50,000,000	Do.
Feb. 29,1912	Chinese Government reorganization loan.	3,025,000	None.
Sept. 23,1911	Colorado & Southern ref. and ext. four-and-a-halfs.	1,000,000	None.
Jan. 18,1911	Delaware & Hudson refunding fours.	6,000,000	Joint purchase with Kuhn, Loeb & Co.
July 1,1905	General Rubber four-and-a-halfs	6,000,000	None.
Oct. 10,1911	.....do	2,900,000	None.
May 26,1911	Great Northern Ry. 1st and ref. four-and-a-fourths.	20,000,000	J. P. Morgan & Co.; National City Bank.
	Hukuang Railways fives	30,000,000	Joint purchase with J. P. Morgan & Co., National City Bank, and Kuhn, Loeb & Co.
Apr. 5,1910	Indianapolis Water Syndicate	3,900,000	None.
Nov. 1,1907	New York City revenue sixes	65,500,000	Joint purchase with J. P. Morgan & Co.; National City Bank.
Sept. 26,1911	Rock Island Improvement Co. four-and-a-halfs.	4,175,000	None.
Dec. 14,1903	Terminal Railroad Association, St. Louis, sixes.	4,500,000	None.
May 16,1904	United States Rubber Co. fives	8,000,000	None.
Mar. 17,1908	United States Rubber Co. 18-month fives.	8,000,000	J. P. Morgan & Co.; Blair & Co.; Kidder, Peabody & Co.
Nov. 27,1908	United States Rubber Co. coll. sixes.	15,000,000	Public offering made by Kidder, Peabody & Co. and J. & W. Seligman & Co.
		283,000,000	

Securities which have been publicly offered by us either alone or in conjunction with others and the names of those publicly associated in the issue, Jan. 1, 1903, to Jan. 1, 1913.

Date.	Securities.	Aggregate amount of issue.	
1908	Atchison, Topeka & Santa Fe California-Arizona lines four-and-a-halfs.	$17,000,000	J. P. Morgan & Co. and National City Bank.[1]
1909	Atchison, Topeka & Santa Fe conv. fours.	28,258,000	Do.[1]
1910	.....do	43,686,000	Do.[1]
1912	Atchison, Topeka & Santa Fe California-Arizona lines fours-and-a-halfs.	18,300,000	Do.[1]
1909	Atlantic Coast Line cons. fours	4,500,000	Do.[1]
1911	Atlantic Coast Line unified fours	3,000,000	Do.[1]
1908	Chicago, Burlington & Quincy general fours.	16,000,000	J. P. Morgan & Co.; Lee Higginson & Co.; National City Bank.
1909	.....do	15,000,000	Do.
1906	Erie R. R. 6 months' loan	5,000,000	Do.
1911	Erie R. R. 3-year sixes	12,500,000	J. P. Morgan & Co.; National City Bank.[1]
1911	Erie R. R. 3-year fives	4,550,000	Do.[1]
1912	.....do	10,000,000	Do.[1]
1909	Florida East Coast four-and-a-halfs	10,000,000	Do.[1]
1912	General Electric deb. fives	10,000,000	J. P. Morgan & Co.; National City Bank; Lee, Higginson & Co.[1]
1912	International Harvester 3-year fives	15,000,000	J. P. Morgan & Co.; National City Bank.[1]
1906	Louisville & Nashville A. K. C. fours	10,000,000	J. P. Morgan & Co.[1]
1909	Louisville & Nashville coll. fours syndicate.	29,864,000	J. P. Morgan & Co.; National City Bank.[1]
1911	Louisville & Nashville A. K. C. fours	10,000,000	Do.[1]
1908	New York Central 30-year deb. fours	13,000,000	Do.[1]
1910	New York Central lines equipment four-and-a-halfs, 1910.	7,500,000	Do.
1911	New York Central 3-year four-and-a-halfs	5,000,000	Do.
1912	....do	15,000,000	Do.

[1] Included among the total syndicate transactions furnished in conjunction with this schedule.

Securities which have been publicly offered by us either alone or in conjunction with others and the names of those publicly associated in the issue, Jan. 1, 1903, to Jan. 1, 1913—Continued.

Date.	Securities.	Aggregate amount of issue.	
1912	New York Central 1-year four-and-a-halfs	$2,000,000	J. P. Morgan & Co.; National City Bank.
1912	Merchants Despatch trans. eq	1,050,000	Do.
1912	New York Central 1-year four-and-a-halfs	2,000,000	Do.
1912	New York Central 1-year fives	2,000,000	Do.
1912	New York Central 3-year four-and-a-halfs	5,000,000	Do.[1]
1911	New York Central lines equipment, 1912.	15,000,000	Do.
1909	Michigan Central deb. fours	7,634,000	Do.[1]
1910	Michigan Central 1-year fives	[2] 50,000,000	Do.
1912	Michigan Central 1-year fours	4,000,000	Do.
1910	Grand River Valley fours	1,500,000	Do.
1910	Lake Shore & Michigan Southern 1-year notes.	8,500,000	Do.
1911	.....do	[2] 60,000,000	Do.
1912	.....do	25,000,000	Do.
1912	.....do	[3] 1,400,000	Do.
1903	Lake Shore & Michigan Southern deb. fours.	40,000,000	Do.[1]
1908	Chicago, Indiana & Southern fours	15,150,000	Do.
1910	Lake Shore & Michigan Southern deb. fours, 1931.	15,000,000	Do.
1911	Detroit Terminal & Tunnel four-and-a-halfs.	14,000,000	Do.[1]
1910	Jamestown, Franklin & Clearfield first fours.	11,000,000	Do.
1910	Cleveland, Cincinnati, Chicago & St. Louis deb. fours.	[2] 50,000,000	Do.[1]
1911	Cleveland, Cincinnati, Chicago & St. Louis deb. four-and-a-halfs.	5,000,000	Do.
1912	New York, New Haven & Hartford 1-year fours.	30,000,000	J. P. Morgan & Co.; National City Bank; Lee, Higginson & Co.[1]
1911	Central New England first fours	11,927,000	J. P. Morgan & Co.; National City Bank.[1]
1911	New York, Westchester & Boston four-and-a-halfs.	17,200,000	Do.[1]
1912	.....do	2,000,000	Do.
1912	Maine Central 1-year fours	12,000,000	Do.
1912	Boston & Maine 1-year notes	12,000,000	Do.
1911	Reading Co. general fours	18,811,000	J. P. Morgan & Co.; National City Bank; Drexel & Co.
1905	Southern Railway 5 per cent loan	2,000,000	J. P. Morgan & Co.[1]
1905	Southern Railway 5 per cent notes	2,750,000	Do.
1905	Southern Railway cons. fives	2,000,000	Do.
1909	Southern Railway general fours	15,000,000	J. P. Morgan & Co; National City Bank.
1909	Southern Railway cons. fives	5,000,000	Do.[1]
1908	United States Rubber Co. fives	8,000,000	J. P. Morgan & Co.; Blair & Co.; Kidder, Peabody & Co.[1]
1912	Indiana Steel first fives	15,000,000	J. P. Morgan & Co.; National City Bank.[1]
1912	National Tube first fives	10,000,000	Do.[1]
1912	Illinois Steel deb. four-and-a-halfs	5,500,000	Do.[1]
1909	Argentine Government 5 per cent loan	[3] 2,000,000	Do.[1]
1908	State of San Paulo fives	[3] 2,000,000	National City Bank; J. P. Morgan & Co.[1]
1911	American Cotton Oil fives	5,000,000	White, Weld & Co.[1]
1911	Chicago, Burlington & Quincy general fours.	8,000,000	None.[1]
1911	Great Northern first and ref. four-and-a-fourths.	20,000,000	J. P. Morgan & Co.; National City Bank.[1]
	Hukuang Railways fives	30,000,000	Joint purchase with J. P. Morgan & Co.; National City Bank; Kuhn, Loeb & Co.[1]
1910	New York City revenue sixes	65,500,000	Joint purchase with J. P. Morgan & Co.; National City Bank.[1]

[1] Included among the total syndicate transactions furnished in conjunction with this schedule.
[2] Francs.
[3] Pounds.

EXHIBIT No. 214, JANUARY 22, 1913.

Corporations in which an officer or director of the First National Bank is a voting trustee, together with cotrustees.

Southern Railway Co.:
J. P. Morgan,[1] Chas. Lanier, Geo. F. Baker.
Wm. Cramp Ship & Engine Building Co.:
E. T. Stotesbury,[1] Geo. F. Baer, Geo. F. Baker.

[1] Member of firm of J. P. Morgan & Co.

Guaranty Trust Co.:
Geo. F. Baker, H. P. Davison,[1] Wm. H. Porter.[1]
Chicago Great Western Railway Co.:
J. P. Morgan,[1] Geo. F. Baker, Robt. Fleming.
J. I. Case Threshing Machine Co.:
F. K. Bull, Francis L. Hine, William E. Black.

EXHIBIT No. 215, JANUARY 22, 1913.

ANSWER TO No. 1.

A list of the various interstate corporations the securities of which have been purchased, sold, or underwritten by Lee, Higginson & Co., from 1907 to the present time:

American Agricultural Chemical Co.
American Smelting & Refining Co.
American Smelters Securities Co.
American Telephone & Telegraph Co.
American Woolen Co.
Armour & Co.
Atchison, Topeka & Santa Fe Railway Co.
Atlantic Coast Line Railroad Co.
Baldwin Locomotive Works.
Baltimore & Ohio Railroad Co.
Boston & Lowell Railroad Corporation.
Boston & Maine Railroad.
Boston & New York Railroad Co.
Calumet & Hecla Mining Co.
Central New England Railway Co.
Chesapeake & Ohio Railway Co.
Chicago, Burlington & Quincy Railroad Co.
Chicago Great Western Railway Co.
Chicago, Indiana & Southern Railroad Co.
Chicago, Milwaukee & Puget Sound Railway Co.
Chicago, Rock Island & Pacific Railway Co.
Chicago Telephone Co.
Chicago & North Western Railway Co.
Chicago & Western Indiana Railroad Co.
Concord & Montreal Railroad Co.
Cudahy Packing Co.
Cumberland Telephone & Telegraph Co.
Detroit United Railway Co.
Duluth, Missabe & Northern Railway Co.
Eastern Pennsylvania Power Co.
Eastern Railway Co., of Minnesota.
Erie Railroad Co.
Fitchburg Railroad Co.
General Electric Co.
General Motors Co.
Great Northern Railway Co.
Hilton-Dodge Lumber Co.
Hudson & Manhattan Railroad Co.
Illinois Steel Co.
Indiana Steel Co.
International Harvester Co.
Iroquois Iron Co.
Jones & Laughlin Steel Co.
Kanawha & Michigan Railway Co.
Kansas City Terminal Railway Co.
Kansas City Viaduct & Terminal Railway Co.
Louisville & Nashville Railroad Co.
Lowell Machine Shop.

---

[1] Member of the firm of J. P. Morgan & Co.

Mahoning & Shenango Railway & Light Co.
Maine Central Railroad Co.
W. H. McElwain Co.
Metropolitan Street Railway Co. (Kansas City).
Michigan Central Railway Co.
Milwaukee, Sparta & North Western Railway Co.
Minneapolis, St. Paul & Sault Ste. Marie Railway Co.
Missouri, Kansas & Texas Railway Co.
Missouri Pacific Railway Co.
National Tube Co. (The).
New England Telephone & Telegraph Co.
New York Central & Hudson River Railroad Co.
New York, Chicago & St. Louis Railroad Co.
New York, New Haven & Hartford Railroad Co.
New York Tanning Extract Co.
New York Telephone Co.
New York, Westchester & Boston Railway Co.
Nipe Bay Co.
Norcross Bros. Co.
Norfolk & Western Railway Co.
Oregon-Washington Railroad & Navigation Co.
Pacific Telephone & Telegraph Co.
Pennsylvania Co.
Pittsburgh, Lake Erie & West Virginia Railroad Co. (See Baltimore & Ohio Railroad Co.)
Portland & Ogdensburg Railway Co.
Portland Railway, Light & Power Co.
Reed-Prentice Co.
Richmond-Washington Co.
St. Louis & San Francisco Railway Co.
Southern Pacific Co.
Southern Railway Co.
Terminal Railroad Association of St. Louis.
Terre Haute, Indianapolis & Eastern Traction Co.
Texas Co.
Union Bag & Paper Co.
Union Steel Co.
United Fruit Co.
United States Smelting, Refining & Mining Co.
Virginian Railway Co. (The)
Wabash Railroad Co.
Western Electric Co.
Western Pacific Railway Co.
Western Telephone & Telegraph Co.

This inquiry is understood to cover dealings in blocks of bonds or shares as issued by such corporations.

The answer does not include purchases or sales by the firm of Lee, Higginson & Co. in the course of its business, of bonds and shares after they have been issued and come upon the market.

Directorships held by members of the firm of Lee, Higginson & Co. in corporations named in the answer to Question No. 1.

Mr. Henry L. Higginson:
American Telephone & Telegraph Co.
General Electric Co.

Mr. Gardiner M. Lane:
American Agricultural Chemical Co.
Louisville & Nashville Railroad Co.
United States Steel Corporation.

Mr. James J. Storrow:
General Motors Co. (Also voting trustee.)
Nipe Bay Co.
United Fruit Co.
U. S. Smelting, Refining & Mining Co.

The firm of Lee, Higginson & Co. has no other relations to such corporations except as stated in answer to Question No. 3.

GENERAL MOTORS CO.

[Owners of stock in General Motors Co. and James N. Wallace, Frederick Strauss, James J. Storrow, William C. Durant, and Anthony N. Brady, voting trustees.]

Agreement.

[Dated Oct. 1, 1910.]

This agreement, made in the city of New York, the 1st day of October, 1910, by and between such owners of stock, preferred or common, in General Motors Co. as may become parties to this agreement in the manner hereinafter provided (hereinafter termed stockholders), parties of the first part, and James N. Wallace, Frederick Strauss, James J. Storrow, William C. Durant, and Anthony N. Brady (hereinafter called the voting trustees), parties of the second part, witnesseth as follows:

Whereas the General Motors Co. has been organized under the laws of the State of New Jersey with an authorized capital stock of $60,000,000 divided into 600,000 shares of $100 each, of which stock to the amount of $20,000,000 is preferred stock and stock to the amount of $40,000,000 is common stock, and of said preferred stock, stock to the amount of $17,835,400 has been issued, and of said common stock, stock to the amount of $20,374,030 has been issued; and

Whereas said General Motors Co. has authorized the issue of its 6 per cent first lien five year sinking fund gold notes to be dated October 1, 1910, to be payable October 1, 1915, to bear interest at the rate of 6 per cent per annum, payable semiannually on the first days of April and October in each year and to be secured by a deed of trust to Central Trust Co. of New York, as trustee; and

Whereas, as additional protection to said notes and to induce the purchase thereof, the stockholders desire, and have agreed, further to secure the payment of said notes by the transfer and delivery to the voting trustees under the terms of this agreement, of the shares held by them of the capital stock of the General Motors Co., the certificates for said shares to be held and disposed of by the voting trustees under and pursuant to the terms and conditions hereof; Now, therefore, in consideration of the premises:

First. Any owner of fully paid stock of the General Motors Co., preferred or common, may at any time become a party to this agreement by transferring to the voting trustees the stock held by him and delivering to the voting trustees the certificates, expressed to be fully paid, for said stock, duly indorsed in blank or accompanied by proper instruments of assignment and transfer thereof, in blank duly executed, and in either case, properly stamped for transfer and accepting in respect thereof a certificate or certificates issued under this agreement. Such transfer and delivery of stock and acceptance of a certificate issued under this agreement shall have the same force and effect as though such stockholder had in fact subscribed this agreement under seal.

Second. The voting trustees do agree with the stockholders, and with each and every holder of certificates issued as hereinafter provided, that, from time to time, upon request, they will cause to be issued to the stockholders, or upon their order, in respect of all stock so transferred to the voting trustees and so by them received from the stockholders, certificates in substantially the following form:

[Preferred stock trust certificate.]

This is to certify that, as hereinafter provided, ——— ——— will be entitled to receive a certificate or certificates, expressed to be fully paid, for ——— shares of $100 each in the preferred capital stock of the General Motors Co., and in the meantime to receive payments equal to the cash dividends, if any, collected by the undersigned voting trustees upon a like number of such shares standing in their names. Until after the actual delivery of such certificates, the voting trustees shall possess, in respect of any and all such stock, and shall be entitled to exercise all rights of every name and nature, including the right to vote for every purpose and to consent to any corporate act of said General Motors Co.; it being expressly stipulated that no voting right passes by or under this certificate, or by or under any agreement, expressed or implied.

This certificate is issued pursuant to, and is subject to the terms and conditions of, a certain agreement dated the 1st day of October, 1910, by and between owners of stock, preferred or common, in the General Motors Co., and James N.

Wallace, Frederick Strauss, James J. Storrow, William C. Durant, and Anthony N. Brady, voting trustees.

No stock certificates shall be due or deliverable hereunder before the 1st day of October, 1915, nor until the expiration of such further period, if any, as shall elapse before the General Motors Co. shall have paid all its 6 per cent first lien five-year sinking fund gold notes at any time issued under its deed of trust dated as of October 1, 1910, made to Central Trust Co. of New York, trustee. The voting trustees may, however, make earlier delivery at any time in their absolute discretion.

This certificate is transferable only on the books of the voting trustees by the registered holder, either in person or by attorney duly authorized, on surrender hereof; and until so transferred, the voting trustees may treat the registered holder as owner hereof for all purposes whatsoever, except that delivery of stock certificates hereunder shall not be made without the surrender hereof.

This certificate is not valid unless duly signed on behalf of the undersigned voting trustees by Central Trust Co. of New York, their agent, and also registered by the Columbia Trust Co., as registrar.

In witness whereof, said voting trustees have caused this certificate to be signed by Central Trust Co. of New York, their duly authorized agent for that purpose, this ——— day of ———, 19—.

JAMES N. WALLACE,
FREDERICK STRAUSS,
JAMES J. STORROW,
WILLIAM C. DURANT,
ANTHONY N. BRADY,
Voting Trustees,

By ——— ———,
CENTRAL TRUST CO. OF NEW YORK,
Vice President.

Registered this ——— day of ———, 19—.

THE COLUMBIA TRUST CO.,
Registrar,

By ——— ———,
Vice President.

[Common Stock Trust Certificate.]

This is to certify that, as hereinafter provided, ——— ——— will be entitled to receive a certificate or certificates, expressed to be fully paid, for ——— shares of $100 each, in the common capital stock of the General Motors Co., and in the meantime to receive payments equal to the cash dividends, if any, collected by the undersigned voting trustees upon a like number of such shares standing in their names. Until after the actual delivery of such certificates, the voting trustees shall possess, in respect of any and all such stock, and shall be entitled to exercise, all rights of every name and nature, including the right to vote for every purpose and to consent to any corporate act of said General Motors Co.; it being expressly stipulated that no voting right passes by or under this certificate, or by or under any agreement, expressed or implied.

This certificate is issued pursuant to, and is subject to the terms and conditions of, a certain agreement dated the 1st day of October, 1910, by and between owners of stock, preferred or common, in the General Motors Co., and James N. Wallace, Frederick Strauss, James J. Storrow, William C. Durant, and Anthony N. Brady, voting trustees.

No stock certificates shall be due or deliverable hereunder before the 1st day of October, 1915, nor until the expiration of such further period, if any, as shall elapse before the General Motors Co. shall have paid all its 6 per cent first lien five-year sinking fund gold notes at any time issued under its deed of trust dated as of October 1, 1910, made to Central Trust Co of New York, trustee. The voting trustees may, however, make earlier delivery at any time in their absolute discretion.

This certificate is transferable only on the books of the voting trustees by the registered holder, either in person or by attorney duly authorized, on surrender hereof; and until so transferred, the voting trustees may treat the registered holder as owner hereof for all purposes whatsoever, except that delivery of stock certificates hereunder shall not be made without the surrender hereof.

This certificate is not valid unless duly signed on behalf of the undersigned voting trustees by Central Trust Co. of New York, their agent, and also registered by the Columbia Trust Co. as registrar.

In witness whereof, said voting trustees have caused this certificate to be signed by Central Trust Co. of New York, their duly authorized agent for that purpose, this ——— day of ———, 19—.

JAMES N. WALLACE,
FREDERICK STRAUSS,
JAMES J. STORROW,
WILLIAM C. DUBANT,
ANTHONY N. BRADY,
Voting Trustees.

By ——— ———,
CENTRAL TRUST CO. OF NEW YORK.
Vice President.

Registered this ——— day of ———, 19—.
THE COLUMBIA TRUST CO.,
Registrar.

By ——— ———.
Vice President.

Third. On the 1st day of October, 1915, if the General Motors Co. shall then have paid all its 6 per cent first lien five-year sinking fund gold notes at any time issued under its deed of trust dated October 1, 1910, made to Central Trust Co. of New York, or, if not, then as soon as all said notes shall have been so paid, or whenever, earlier, the voting trustees shall decide to make such delivery, the voting trustees in exchange for, and upon surrender of, any stock trust certificate then outstanding, will, in accordance with the terms thereof, and on payment, if the voting trustees shall so require, of a sum sufficient to reimburse them for any stamp tax or other governmental charge in connection with such delivery, deliver, at their office or agency in the borough of Manhattan in the city of New York, certificates of stock of the General Motors Co., and may require the holders of stock trust certificates to exchange them for certificates of capital stock. Whenever, pursuant to the foregoing provisions of this article, certificates for capital stock of the General Motors Co. shall become deliverable, or at any time thereafter, the voting trustees may deposit with Central Trust Co. of New York, or other trust company in good standing having an office in the borough of Manhattan in the city of New York, stock certificates, duly indorsed in blank or accompanied by proper instruments of assignment and transfer in blank, duly executed, to a par amount, of each class of said stock, equal to the amount of stock called for by the outstanding stock trust certificates for such class of stock, with authority to such depositary to make delivery thereof in exchange for stock trust certificates, and thereupon all further obligation or duty of the voting trustees under this agreement shall terminate.

Fourth. If, prior to the delivery pursuant to article third, of certificates of stock of the General Motors Co. in exchange for stock trust certificates, or the deposit pursuant to article third of stock certificates for the purpose of such delivery, any dividend on the stock of the General Motors Co. of either class, shall be declared and paid or distributed in fully paid stock of said General Motors Co., the respective holders of stock trust certificates calling for stock of the class on which such stock dividend shall be so declared and paid or distributed, shall be entitled to the delivery of proper stock trust certificates issued under this agreement for stock to the amount received by the voting trustees, as such dividend, upon a like number of such shares standing in the names of the voting trustees. The voting trustees shall not, in any event, be required, in respect of any such dividend in stock, to deliver stock trust certificates calling for a fraction of a share, but may, in lieu thereof, deliver, in respect of fractional interests, scrip in such form as the voting trustees may, in their uncontrolled discretion, determine.

Fifth. Any voting trustee may at any time resign by delivering to the other voting trustees at the office of the agent of voting trustees for the transfer of stock trust certificates in writing his resignation, to take effect 10 days thereafter, and in every case of death, resignation, or the inability of any voting trustee to act, the vacancy so occurring shall be filled by the appointment of a successor or successors, to be made by a majority of the other voting trustees by a written instrument. The term voting trustees as used herein and in said stock trust certificates shall apply to the parties of the second part and their successors hereunder. Notwithstanding any change in the voting trustees, the voting trustees for the time being may adopt and issue stock trust certificates

in the names of the original voting trustees, the parties hereto of the second part.

Sixth. The action of a majority of the voting trustees expressed from time to time at a meeting shall, except as otherwise herein stated, constitute the action of the voting trustees and have the same effect as if assented to by all. At any meeting of the voting trustees any voting trustee may vote in person or by proxy to any other voting trustee. The voting trustees may adopt their own rules of procedure. Any voting trustee may act as a director or officer of the General Motors Co., or of any subsidiary or controlled company; and he, or any firm of which he may be a member, or any corporation of which he may be a stockholder, director, or officer, may contract with said General Motors Co. or any subsidiary or controlled company, or be or become pecuniarily interested in any matter or transaction to which said General Motors Co. or any subsidiary or controlled company may be a party, or in which it may in any way be concerned, as fully as though he were not a voting trustee.

Seventh. In voting the stock held by them (which they may do either in person or by proxy to any one or more of them or to any other person or persons), the voting trustees will exercise their best judgment from time to time to select suitable directors, to the end that the affairs of the General Motors Co. shall be properly managed, and, in voting and in acting on other matters which may come before them at any stockholders' meeting, will exercise like judgment; but they assume no responsibility in respect to such management or in respect of any action taken by them or in pursuance of their consent thereto as such stockholders, or pursuant to their votes so cast, and no voting trustee incurs any responsibility by reason of any error of law or of any matter or thing done or omitted under this agreement, except for his own individual malfeasance.

Eighth. The voting trustees possess, and shall be entitled, in their discretion to exercise, all rights and powers of absolute owners of said stock including the right to vote for every purpose and to consent to any corporate act of said General Motors Co. The voting trustees will not, however, during the pendency of this agreement, vote in respect of the shares of the capital stock of said General Motors Co. held by them, to authorize any increase in the amount of the preferred stock of said General Motors Co. at present authorized, viz: $20,000,000, except with the consent, given at a meeting called by the voting trustees for the purpose, of holders of a majority of such part of the trust certificates for each class of stock of said company as shall be represented at such meeting, the holders of each class of trust certificates voting separately and either in person or by proxy; and the voting trustees will not, during the pendency of this agreement, vote in respect of the shares of the stock of said General Motors Co. held by them, to authorize any increase in the amount of the common stock of said General Motors Co. at present authorized, viz. $40,000,000, except with the consent, given at a meeting called by the voting trustees for the purpose, of the holders of a majority of such part of the trust certificates for the common stock of said company as shall be represented at such meeting; the holders of such trust certificates voting either in person or by proxy.

Ninth. All notices to be given to the holders of trust certificates hereunder shall be inserted in two daily papers of general circulation published in the City of New York, and in a daily paper of general circulation published in the City of Boston, Mass., twice in each week for four successive weeks. Any call or notice whatsoever, when so published by the voting trustees, shall be taken and considered as though personally served on all parties hereto, including the holders of said trust certificates, and upon all parties becoming bound hereby as of the respective dates of insertion thereof, and such publication shall be the only notice required to be given under any provision of this agreement.

Tenth. This agreement may be simultaneously executed in several counterparts, each of which, so executed, shall be deemed to be an original; and such counterparts shall together constitute but one and the same instrument.

In witness whereof, the voting trustees, the parties of the second part, have hereunto set their hands and seals in the City of New York the day and year first hereinabove mentioned, and the parties of the first part have transferred and delivered their stock and accepted certificates issued under this agreement.

JAMES N. WALLACE,
FREDERICK STRAUSS,
JAMES J. STORROW,
W. C. DURANT,
ANTHONY N. BRADY,
Voting Trustees.

ANSWERS TO No. 3.

The firm of Lee, Higginson & Co. has not acted as banker, fiscal agent, or depositary of the funds of the corporations referred to in Question No. 3 except as follows:

1. The coupons of the following issues of bonds are paid at the office of Lee, Higginson & Co. (the funds for such payments are received approximately at the time when the coupons are due and are paid out as the coupons are presented):

American Agricultural Chemical Co. First mortgage 5 per cent convertible gold bonds, dated October 1, 1908, and due October 1, 1928.

Cudahy Packing Co. First mortgage 5 per cent gold bonds, dated May 1, 1909, and due May 1, 1924.

Iroquois Iron Co. First mortgage 5 per cent gold bonds, dated December 1, 1909, and due 1912 to 1929, inclusive.

Kansas City Terminal Railway Co. First mortgage 4 per cent gold bonds, dated January 3, 1910, and due January 1, 1960.

Portland Railway, Light & Power Co. (Oregon). First and refunding mortgage 5 per cent sinking fund bonds, dated February 1, 1912, and due February 1, 1942.

Wabash Railroad Co. Equipment 4½ per cent bonds, Series C, dated July 1, 1906, and due January, 1907, to July, 1916, inclusive.

Lee, Higginson & Co., formerly paid the coupons of—

Eastern Railway Co. of Minnesota. Twenty-year 5 per cent coupon bonds, dated April 2, 1888, and due April 1, 1908.

1a. The principal of the following issue of bonds is paid at the office of Lee, Higginson & Co. (the funds for such payments are received approximately at the time when the bonds are due and are paid out as the bonds are presented):

Wabash Railroad Co. Equipment 4½ per cent bonds, series C, dated July 1, 1906, and due January 1, 1907, to July 1, 1916, inclusive.

2. In a few cases where bonds have been purchased by the firm of Lee, Higginson & Co., the proceeds have been passed to the credit of the corporation issuing the bonds, subject to its call. Issues when this was done are as follows:

Iroquois Iron Co.

Kansas City Terminal Railway Co. (See p. 6.)

New York Tanning Extract Co.

Portland Railway, Light & Power Co.

A statement of amounts on deposit, at the credit of each of these corporations, at specified dates, follows:

IROQUOIS IRON CO.

	Credit.		Credit.
Jan. 31, 1910	$1,070,099.64	Oct. 31, 1910	$807,909.15
Feb. 28, 1910	1,070,099.64	Nov. 30, 1910	666,580.04
Mar. 31, 1910	1,078,263.76	Dec. 31, 1910	577,151.18
Apr. 30, 1910	1,077,322.82	Mar. 31, 1911	241,161.77
May 31, 1910	1,077,322.82	June 30, 1911	Even.
June 30, 1910	1,077,411.00	Sept. 30, 1911	213,900.82
July 31, 1910	1,072,754.71	Dec. 30, 1911	167,445.29
Aug. 31, 1910	987,319.93	Mar. 30, 1912	119,380.20
Sept. 30, 1910	908,295.25	June 29, 1912	43,221.32

Account closed in September, 1912.

Interest on the account was allowed at the rate of 3 per cent per annum

NEW YORK TANNING EXTRACT CO.

	Credit.		Credit.
June 30, 1911	$900,000.00	Sept. 30, 1911	$750,337.13
July 31, 1911	746,317.38	Oct. 31, 1911	751,587.69
Aug. 31, 1911	746,317.73	Nov. 30, 1911	752,798.58

Account closed in December, 1911.

Interest on the account was allowed at the rate of 2 per cent per annum.

PORTLAND RAILWAY, LIGHT & POWER CO.

(Portland, Oreg.).

	Credit.
Feb. 29, 1912	$2,221,875.00
Mar. 30, 1912	8,564.47

Account closed in April, 1912.

Interest on the account was allowed at the rate of 2 per cent per annum pending delivery of bonds.

KANSAS CITY TERMINAL RAILWAY CO.

3. In the case of the issues of Kansas City Terminal Railway 4 per cent bonds, due in 1960, the proceeds of the bonds passed to the credit of the Kansas City Terminal Railway Co., were deposited in approximately equal shares with the firm of Lee, Higginson & Co., with the firm of J. P. Morgan & Co., and with the Illinois Trust & Savings Bank, of Chicago, subject to call by the Kansas City Terminal Railway Co. and with an allowance of 3 per cent interest.

A statement of the total amounts so left on deposit is as follows:

(Approximately one-third of the following amounts were on deposit with Lee, Higginson & Co.)

	Credit.		Credit.
Mar. 31, 1910	$5,428,460.67	Apr. 30, 1911	$5,474,869.65
Apr. 30, 1910	3,155,264.83	May 31, 1911	5,124,869.65
May 31, 1910	2,555,264.83	June 30, 1911	4,662,980.31
June 30, 1910	1,254,518.39	July 31, 1911	4,287,980.31
July 31, 1910	1,254,518.39	Aug. 31, 1911	4,087,980.31
Aug. 31, 1910	1,254,518.39	Sept. 30, 1911	3,419,536.06
Sept. 30, 1910	1,063,815.13	Oct. 31, 1911	3,319,536.06
Oct. 31, 1910	663,815.13	Nov. 29, 1911	3,219,536.06
Nov. 30, 1910	7,474,301.24	Dec. 30, 1911	2,567,304.46
Dec. 31, 1910	6,578,141.41	Jan. 31, 1912	2,067,304.46
Jan. 31, 1911	6,078,141.41	Mar. 30, 1912	1,381,681.48
Feb. 28, 1911	5,828,141.41	June 29, 1912	4,272.42
Mar. 31, 1911	5,874,869.65	Sept. 30, 1912	4,304.82

Interest on the account was allowed at the rate of 3 per cent per annum.

4. Except in one instance (see p. 6), these funds have been deposited indiscriminately in the various banks and trust companies in which deposits are kept by Lee, Higginson & Co. It is impossible further to specify. These banks and trust companies are as follows:

Bank of Montreal (agency), New York.
Blue Hill National Bank, Milton, Mass.
Brookline National Bank, Brookline, Mass.
Brookline Trust Co., Brookline, Mass.
City Trust Co., Boston.
Columbia-Knickerbocker Trust Co., New York.
Commonwealth Trust Co., Boston.
Continental & Commercial National Bank, Chicago.
Federal Trust Co., Boston.
Fidelity Trust Co., Portland, Me.
First National Bank, Boston.
First National Bank, Chicago.
Guaranty Trust Co., New York.
Illinois Trust & Savings Bank, Chicago.
Knickerbocker Trust Co., Chicago.
Merchants National Bank, Boston.
Merchants National Bank, Worcester, Mass.
National Bank of Commerce, Boston.
National City Bank, New York.
National Shawmut Bank, Boston.
Naumkeag Trust Co., Salem, Mass.
New York State National Bank, Albany, N. Y.
Norfolk Trust Co., Brookline, Mass.
Old Colony Trust Co., Boston.

Paul Revere Trust Co., Boston.
Safety Fund National Bank, Fitchburg, Mass.
Standard Trust Co., New York.
Windsor Trust Co., New York.
United States Trust Co., Portland, Me.

A list of the holdings of the firm of Lee, Higginson & Co. and of the individual members thereof in banks and trust companies as of January 1, 1912, and November 1, 1912, showing interests acquired or disposed of between January 1, 1906, and January 1, 1912; in answer to Questions Nos. 4 and 5:

LEE, HIGGINSON & CO.

Central Trust Co., New York, N. Y.:		
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		25
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		25
Number of shares owned Jan. 1, 1912		0
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		0
City Trust Co., Boston:		
Number of shares owned Jan. 1, 1906		90
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		529
Total		619
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		619
Number of shares owned Jan. 1, 1912		0
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		0
Commonwealth Trust Co., Boston, Mass.:		
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		710
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		215
Number of shares owned Jan. 1, 1912		495
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		495
Continental National Bank, Chicago, Ill.:		
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		**500**
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		**500**
Number of shares owned Jan. 1, 1912		**0**
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	**0**	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	**0**	
Balance		**0**
Number of shares owned Nov. 1, 1912		**0**

Continental & Commercial National Bank, Chicago, Ill.:		
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		600
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		600
Number of shares owned Jan. 1, 1912		0
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		0
Fidelity Trust Co., Portland, Me.:		
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		25
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		0
Balance, number of shares owned Jan. 1, 1912		25
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		25
First National Bank, Boston, Mass.:		
Number of shares owned Jan. 1, 1906		850
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		1,021
Total		1,871
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		121
Number of shares owned Jan. 1, 1912		1,750
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	760	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	610	
Balance, acquired		150
Number of shares owned Nov. 1, 1912		1,900
Hampden Trust Co., Springfield, Mass.:		
Number of shares owned Jan. 1, 1906		100
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		0
Total		100
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		100
Number of shares owned Jan. 1, 1912		0
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		0
Illinois Trust & Savings Bank, Chicago:		
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		150
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		0
Number of shares owned Jan. 1, 1912		150
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		150

Merchants' National Bank, Worcester, Mass.:		
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		441
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		241
Number of shares owned Jan. 1, 1912		200
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	10	
Balance, sold		10
Number of shares owned Nov. 1, 1912		190
National Bank of Commerce, Boston, Mass.:		
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		23
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		23
Number of shares owned Jan. 1, 1912		0
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		0
Naumkeag Trust Co., Salem, Mass.:		
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		25
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		0
Number of shares owned Jan. 1, 1912		25
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov 1, 1912		25
North Adams Trust Co., North Adams, Mass.:		
Number of shares owned Jan. 1, 1906		100
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		0
Total		100
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		0
Number of shares owned Jan. 1, 1912		100
Number of shares acquired between Jan. 1, 1912, and Nov 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		100
Old Colony Trust Co., Boston, Mass.:		
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		1,275
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		39
Number of shares owned Jan. 1, 1912		1,236
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	200	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	236	
Balance, sold		36
Number of shares owned Nov. 1, 1912		1,200

Phoenix National Bank, New York. N. Y.:		
Number of shares owned Jan. 1, 1906		400
Number of shares acquired between Jan. 1 1906, and Jan. 1, 1912		0
Total		400
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		400
Number of shares owned Jan. 1, 1912		0
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		0
Windsor Trust Co., New York, N. Y.:		
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		70
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		70
Number of shares owned Jan. 1, 1912		0
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		0
Central Trust Co., New York, N. Y.:		
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		25
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		0
Number of shares owned Jan. 1, 1912		25
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		25
Commonwealth Trust Co., Boston, Mass.:		
Number of shares owned Jan. 1, 1906		50
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		0
Total		50
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		0
Number of shares owned Jan. 1, 1912		50
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		50
Illinois Trust & Savings Bank, Chicago:		
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		100
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		0
Number of shares owned Jan. 1, 1912		100
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		100

Merchants National Bank, Boston, Mass.:		
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		568
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		568
Number of shares owned Jan. 1, 1912		0
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		0
National Shawmut Bank, Boston, Mass.:		
Number of shares owned Jan. 1, 1906		310
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		546
Total		856
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		471
Number of shares owned Jan. 1, 1912		385
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	915	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	300	
Balance, acquired		615
Number of shares owned Nov. 1, 1912		1,000
New England Trust Co., Boston, Mass.:		
Number of shares owned Jan. 1, 1906		50
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		0
Total		50
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		0
Number of shares owned Jan. 1, 1912		50
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		50
Old Colony Trust Co., Boston, Mass.:		
Number of shares owned Jan. 1, 1906		125
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		725
Total		850
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		0
Number of shares owned Jan. 1, 1912		850
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	170	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance acquired		170
Number of shares owned Nov. 1, 1912		1,020

Paul Revere Trust Co., Boston, Mass.:		
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		0
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		0
Number of shares owned Jan. 1, 1912		0
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	100	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance acquired		100
Number of shares owned Nov. 1, 1912		100
Security Safe Deposit Co., Buffalo, N. Y.:		
Number of shares owned Jan. 1, 1906		50
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		0
Total		50
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		50
Number of shares owned Jan. 1, 1912		0
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		0

GARDINER M. LANE.

Windsor Trust Co., New York, N. Y.:		
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		10
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		10
Number of shares owned Jan. 1, 1912		0
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		0
First National Bank, Boston, Mass.:		
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		75
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		0
Number of shares owned Jan. 1, 1912		75
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	50	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	125	
Balance, sold		75
Number of shares owned Nov. 1, 1912		0
Merchants National Bank, Boston, Mass.:		
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		100
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		0
Number of shares owned Jan. 1, 1912		100
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	100	
Balance sold		100
Number of shares owned Nov. 1, 1912		0

New York State National Bank, Albany, N. Y.:		
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		102
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		0
Number of shares owned Jan. 1, 1912		102
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	102	
Balance sold		102
Number of shares owned Nov. 1, 1912		0
Old Colony Trust Co., Boston, Mass.:		
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		300
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		0
Number of shares owned Jan. 1, 1912		300
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	28	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	160	
Balance sold		132
Number of shares owned Nov. 1, 1912		168
Standard Trust Co., New York, N. Y.:		
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		38
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		0
Number of shares owned Jan. 1, 1912		38
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	38	
Balance sold		38
Number of shares owned Nov. 1, 1912		0
JAMES J. STORROW.		
City Trust Co., Boston, Mass.:		
Number of shares owned Jan. 1, 1906		150
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		15
Total		165
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		165
Number of shares owned Jan. 1, 1912		0
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		0
First National Bank, Boston, Mass.:		
Number of shares owned Jan. 1, 1906		100
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		528
Total		628
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		125
Number of shares owned Jan. 1, 1912		503
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	325	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance acquired		325
Number of shares owned Nov. 1, 1912		828

Merchants National Bank, Boston, Mass.:

Number of shares owned Jan. 1, 1906		65
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		0
Total		65
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		65
Number of shares owned Jan. 1, 1912		0
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		0

New England Trust Co., Boston, Mass.:

Number of shares owned Jan. 1, 1906		75
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		0
Total		75
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		75
Number of shares owned Jan. 1, 1912		0
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		0

Old Colony Trust Co., Boston, Mass.:

Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		198
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		0
Number of shares owned Jan. 1, 1912		198
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	20	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance, acquired		20
Number of shares owned Nov. 1, 1912		218

Paul Revere Trust Co., Boston, Mass.:

Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		0
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		0
Number of shares owned Jan. 1, 1912		0
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	200	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance, acquired		200
Number of shares owned Nov. 1, 1912		200

GEORGE C. LEE.

City Trust Co., Boston, Mass.:

Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		25
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		25
Number of shares owned Jan. 1, 1912		0
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		0

Commonwealth Trust Co., Boston:

Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		10
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		0
Number of shares owned Jan. 1, 1912		10
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		10

N. PENROSE HALLOWELL.

Adams Trust Co., Boston, Mass.:

Number of shares owned Jan. 1, 1906		10
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		0
Total		10
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		10
Number of shares owned Jan. 1, 1912		0
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		0

Blue Hill National Bank, Milton, Mass.:

Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		10
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		0
Number of shares owned Jan. 1, 1912		10
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	1	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance acquired		1
Number of shares owned Nov. 1, 1912		11

City Trust Co., Boston, Mass.:

Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		1
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		0
Number of shares owned Jan. 1, 1912		1
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		1

Commonwealth Trust Co., Boston, Mass.:

Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		15
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		10
Number of shares owned Jan. 1, 1912		5
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	5	
Balance sold		5
Number of shares owned Nov. 1, 1912		0

National Bank of Commerce, Boston, Mass.:

Number of shares owned Jan. 1, 1906		15
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		0
Total		15
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		0
Number of shares owned Jan. 1, 1912		15
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		15

Old Colony Trust Co., Boston, Mass.:

Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		6
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		0
Number of shares owned Jan. 1, 1912		6
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	8	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance acquired		8
Number of shares owned Nov. 1, 1912		14

State Street Trust Co., Boston, Mass.:

Number of shares owned Jan. 1, 1906		5
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		5
Total		10
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		10
Number of shares owned Jan. 1, 1912		0
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		0

FRANCIS L. HIGGINSON, JR.

Commonwealth Trust Co., Boston, Mass.:

Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		10
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		0
Number of shares owned Jan. 1, 1912		10
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		10

SYNDICATE.

Commonwealth Trust Co., Boston:

Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912	424
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912	80
Number of shares owned Jan. 1, 1912	344

Commonwealth Trust Co., Boston—Continued.

Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		344

In this syndicate the firm of Lee, Higginson & Co. has an interest of 25 per cent.

Merchants National Bank, Worcester, Mass.:

Number of shares owned Jan. 1, 1906		1,841
Number of shares acquired between Jan. 1, 1906, and Jan. 1, 1912		1,321
Total		3,162
Number of shares sold between Jan. 1, 1906, and Jan. 1, 1912		3,162
Number of shares owned Jan. 1, 1912		0
Number of shares acquired between Jan. 1, 1912, and Nov. 1, 1912	0	
Number of shares sold between Jan. 1, 1912, and Nov. 1, 1912	0	
Balance		0
Number of shares owned Nov. 1, 1912		0

In this syndicate the firm of Lee, Higginson & Co. had an interest of 50 per cent.

A statement of sales of bonds made by Lee, Higginson & Co. to life insurance companies since January 1, 1907:

ÆTNA LIFE INSURANCE CO., HARTFORD, CONN.

Chicago Telephone 5's, 1923	$50,000

AGRICULTURAL INSURANCE CO., WATERTOWN, N. Y.

Butte Electric & Power Co. 5's, 1951	$27,000
Puget Sound Electric Co. 5's, 1932	10,000
California Gas & Electric Corporation 5's, 1937	25,000
Michigan Central Railroad Co. 4's, 1929	15,000
American Telephone & Telegraph Co. 4's, 1929	15,000
Mahoning & Shenango Railway & Light Co. 5's, 1916	10,000

BUFFALO COMMERCIAL INSURANCE CO., BUFFALO, N. Y.

Chicago, Burlington & Quincy, Neb., ext. 4's, 1927	$5,000

COLUMBIAN NATIONAL LIFE INSURANCE CO., BOSTON, MASS.

Interborough Rapid Transit Co. 6's, 1911	$20,000
Kennebec Water District 3½'s, 1925	25,000
Portland & Ogdensburg 4½'s, 1928	20,000
Chicago & Western Indiana Railroad, general, 6's, 1932	50,000
Chicago City Railway 5's, 1927	25,000
Carbondale & Shawneetown 4's, 1932	9,000
Grand Rapids & Indiana 4½'s, 1941	5,000
Vermont Valley R. R. 4½'s, 1940	25,000
Minneapolis General Electric Co. 5's, 1934	25,000
Portland Railway, Light & Power Co. 5's, 1942	25,000

COMMERCE INSURANCE CO., ALBANY, N. Y.

Interborough Rapid Transit Co. 5's, 1952	$15,000

CONNECTICUT GENERAL LIFE INSURANCE CO., HARTFORD, CONN.

Kansas City, Memphis & Birmingham 4's, 1934	$9,000
Houston Electric Co. 5's, 1925	3,000
Northern Texas Traction Co. 5's, 1933	3,000
State of Connecticut 4's, 1936	10,000

CONNECTICUT MUTUAL LIFE INSURANCE CO., HARTFORD, CONN.

New York, New Haven & Hartford 6's, 1948	$25,000
Michigan Central Railroad 4's, 1929	60,000

DUTCHESS INSURANCE CO., POUGHKEEPSIE, N. Y.

United Fruit Co. debentures 4½'s, 1923	$8,000

EQUITABLE LIFE INSURANCE CO., NEW YORK CITY.

Kansas City Terminal Railway 4's, 1960	$350,000
Kansas City Belt Railway first 6's, 1916	2,000
Chile Government 5 per cent loan of 1911	50,000
New Orleans Terminal Railway 4's, 1953	250,000
Cincinnati, Richmond & Fort Wayne 7's, 1921	100,000
City of Omaha, Nebr., 4½'s, 1941	50,000

EXPRESSMEN'S MUTUAL BENEFIT ASSOCIATION, NEW YORK CITY.

New York Central & Hudson River R. R. 3½s, 1997	$5,000

JOHN HANCOCK MUTUAL LIFE INSURANCE CO., BOSTON, MASS.

Richmond-Washington R. R. 4s, 1943	$100,000
Kansas City, Memphis & Birmingham R. R. 5s, 1934	4,000
Iowa, Minnesota & Northwestern R. R. 3½s, 1935	40,000
Atchison, Topeka & Santa Fe R. R., general 4s, 1995	100,000
Portland & Ogdensburg R. R. 4½s, 1928	95,000
Chicago, Burlington & Quincy R. R. 4s, 1958	100,000
City of St. Joseph 4s, 1928	50,000
Chicago & Western Indiana R. R. 4s, 1952	45,000
Concord & Montreal R. R. 4s, 1920	100,000
Maine Central R. R. 4s, 1913	200,000
Chicago, Milwaukee & Puget Sound R. R. 4s, 1949	50,000

HOME LIFE INSURANCE CO., NEW YORK CITY.

Western Electric Co. 5s, 1922	$300,000

HOME INSURANCE CO., NEW YORK CITY.

Kansas City Terminal Ry. 4s, 1960	$35,000
Florida East Coast Ry. 4½s, 1959	100,000

INTERNATIONAL INSURANCE CO., NEW YORK CITY.

Boston & Maine R. R. 4 per cent notes, June 10, 1913	$50,000

MANHATTAN LIFE INSURANCE CO., NEW YORK CITY.

Western Electric Co. 5's, 1922	$200,000
Metropolitan Street Railway Co. of Kansas City 5's, 1913	100,000

MASSACHUSETTS HOSPITAL LIFE INSURANCE CO., BOSTON, MASS.

New York, New Haven & Hartford R. R. 5's, 1912	$100,000
Boston & Lowell R. R. 6's, 1909	75,000
Chicago Junction & Union Stock Yards 5's, 1915	25,000
Chicago Junction & Union Stock Yards 4's, 1945	100,000

MASSACHUSETTS MUTUAL LIFE INSURANCE CO., SPRINGFIELD, MASS.

Texas & Oklahoma 5's, 1943	$14,000
Chicago, Burlington & Quincy, Illinois division, 3½'s, 1949	100,000
Louisville & Nashville R. R. 4's, 1940	50,000
Duluth, South Shore & Atlantic Ry. 5's, 1937	100,000
Peoria & Northwestern R. R. 3½'s, 1926	95,000
Princeton & Northwestern R. R. 3½'s, 1926	85,000
Boston Elevated Ry. Co. 4½'s, 1937	100,000
Chicago, Burlington & Quincy, Illinois division, reg. 4's, 1929 to 1949	100,000
Kansas City Terminal Ry. 4's, 1960	250,000
Florida East Coast Ry. 4½'s, 1959	250,000
Newport & Richford R. R. 5's, 1941	328,000
Detroit Terminal & Tunnel 4½'s, 1961	200,000
South & North Alabama R. R. 5's, 1936	150,000
Cedar Rapids, Iowa Falls & North R. R. 5's, 1921	25,000
Illinois Central R. R. Co., St. Louis division, 3½'s, 1951	148,000
St. Louis Southwestern Ry. first 4's, 1989	15,000
Brooklyn & Montauk R. R. second 5's, 1938	83,000
Galveston, Harrisburg & San Antonio R. M. & P. Ex. 5's, 1913	100,000
Illinois Central R. R. Co., Richfield 3's, 1951	25,000
Boston & Albany R. R., equipment, 4½'s, 1927	50,000

METROPOLITAN LIFE INSURANCE CO., NEW YORK CITY.

Chicago Telephone Co. 5's, 1923	$33,000
Metropolitan Street Railway Co. of Kansas City 5's, 1913	500,000
California Gas & Electric Corporation 5's, 1937	500,000
Portland Railway, Light & Power Co. 5's, 1942	100,000
Virginian Railway Co. 5's, 1962	551,000

NATIONAL UNION INSURANCE CO., TOLEDO, OHIO.

Martins Ferry, Ohio. 5's, 1927	$14,000

NEW ENGLAND MUTUAL LIFE INSURANCE CO., BOSTON, MASS.

New York, New Haven & Hartford R. R. 5% notes, 1912	$100,000
Boston & Maine R. R. 4's, 1926	170,000
Richmond-Washington 4's, 1943	100,000
St. Paul, Minnesota & Manitoba 4's, 1940	£10,000
Iowa, Minn. & Northwestern 3½'s, 1935	$100,000
Terminal R. R. Association, St. Louis 4's, 1953	200,000
Atchison, Topeka & Santa Fe R. R. 4's, 1928	100,000
Atchison & East Oklahoma 4's, 1928	100,000
Chicago, Burlington & Quincy R. R. 4's, 1958	250,000
New York, Chicago, & St. Louis R. R. 4's, 1931	50,000
Atlantic Coast Line convertible 4's, 1952	100,000
St. Paul & Duluth 4's, 1968	100,000
City of St. Joseph 4's, 1928	100,000
Chicago City Ry. 5's, 1927	100,000
Florida East Coast 4½'s, 1959	100,000
Western Electric Co. 4½'s 1912	50,000
Kansas City Terminal 4's, 1960	100,000
Maine Central R. R. 4½'s, 1912	100,000
Colorado & Southern R. R. 4's, 1929	50,000
Western Electric Co. 5's, 1922	100,000
New York, New Haven & Hartford R. R. 4½'s, 1912	250,000
Minneapolis General Electric Co. 5's, 1934	50,000
New Orleans Terminal R. R. 4's, 1953	100,000
Central New England R. R. 4's, 1931	60,000
Virginia Ry. 5's, 1962	100,000
Boston & Maine R. R. 4's, 1913	100,000
General Electric Co. 5's, 1952	25,000

NEW YORK LIFE INSURANCE CO., NEW YORK CITY.

New Orleans Terminal R. R. 4's, 1953	$500,000
Boston & Albany equipment trust 4½'s, 1923	154,000
Boston & Albany equipment trust 4½'s, 1916	146,000
Boston & Albany equipment trust 4½'s, 1917	200,000
Boston & Albany equipment trust 4½'s, 1918	200,000
Boston & Albany equipment trust 4½'s, 1919	200,000
Boston & Albany equipment trust 4½'s, 1920	200,000
Boston & Albany equipment trust 4½'s, 1921	200,000
Boston & Albany equipment trust 4½'s, 1922	200,000

NORTHWESTERN MUTUAL LIFE INSURANCE, MILWAUKEE, WIS.

City of Spokane, Wash.:	
General 4½s, 1931	$300,000
Water 4½s, 1931	200,000

PENNSYLVANIA CO. FOR INSURANCE ON LIVES AND GRANTING ANNUITIES, PHILADELPHIA, PA.

Rock Island & Pacific first 6s, 1917	$6,000
Lehigh Valley Railroad 4½s, 1923	9,000
Philadelphia & Erie Railroad registered 4s, 1920	2,000
Lehigh Coal & Navigation 4½s, 1914	2,000
Metropolitan Street Railway of Kansas City 5s, 1913	5,000

PENN MUTUAL LIFE INSURANCE, PHILADELPHIA, PA.

New York Central Lines equipment 4½s, 1918	$100,000

PHILADELPHIA TRUST, SAFE DEPOSIT & INSURANCE CO.

Louisville & Nashville Railroad Co. 4s, 1940	$100,000
Seattle Electric-Seattle-Everett 5s, 1939	50,000
General Motors Co. first 6s, 1915	50,000
American Agricultural Chemical Co. 5s, 1928	50,000
Fort Smith Light & Traction Co. 5s, 1936	30,000

PROVIDENT LIFE & TRUST CO., PHILADELPHIA, PA.

New York, New Haven & Hartford Railroad Co. 4½s, 1911	$50,000
Lake Shore & Michigan Southern Railroad 5s, 1910	10,000
Kansas City, Fort Scott & Memphis 5s, 1911	200,000
New York, New Haven & Hartford Railroad 4½s, 1912	300,000
Chicago & North Western Railway 7s, 1915	211,000
New York, New Haven & Hartford 4 per cent notes, 1913	600,000
Maine Central Railroad 4 per cent notes, 1913	250,000

PRUDENTIAL INSURANCE CO. OF AMERICA, NEWARK, N. J.

Sunbury, Hazleton & Wilkes-Barre Ry. Co. second 6s, 1938	$498,000

SECURITY MUTUAL LIFE INSURANCE, BINGHAMTON, N. Y.

Norfolk & Western R. R. Co. divisional 4s, 1944	$65,000
Chicago & Eastern Illinois R. R. 5s, 1937	10,000
Bangor & Aroostook R. R. Piscataquis 5s, 1943	25,000
Northern Maine Seaport Ry. 5s, 1935	25,000
Interborough Rapid Transit Co. 6s, 1911	25,000
New York City 4½s, 1957	20,000

STANDARD LIFE & ACCIDENT INSURANCE CO., DETROIT, MICH.

City of Phoenix, Ariz., water:	
5s, 1927	$10,000
5s, 1928	15,000

STATE MUTUAL LIFE ASSURANCE CO. (WORCESTER).

Chicago, Burlington & Quincy R. R. 4s, 1958	$50,000
Kennebec water district 3½s, 1925	50,000
City of Chicago 4s, 1927	15,000
Illinois Central R. R. 4s, 1955	25,000
City of St. Joseph 4s, 1928	50,000
Boston & Lowell R. R. 4s, 1920	50,000
Duluth, Missabe & Northern Ry. 5s, 1941	50,000
Florida East Coast 4½s, 1959	50,000
Washington Water Power Co. 5s, 1939	50,000
City of Troy 4s, 1936	25,000
City of Troy 4s, 1938	25,000
Delaware & Hudson Co. 4s, 1943	50,000
City of St. Paul 4s, 1938	39,000
Kansas City Terminal 4s, 1960	100,000
Maine Central R. R. 4½s, 1912	50,000
Baltimore & Ohio R. R. 4s, 1941	50,000
New Orleans Terminal R. R. 4s, 1953	50,000
California Gas & Electric Corporation 5s, 1937	50,000
Central New England Railway 4s, 1961	75,000
Houston Electric Co. 5s, 1925	35,000
Western Electric Co. 5s, 1922	50,000
Detroit Terminal & Tunnel 4½s, 1961	50,000
United Fruit Co. 4½s, 1925	25,000
Dominion Coal Co. 5s, 1940	50,000
New York, Westchester & Boston R. R. 4½s, 1946	75,000
Butte Electric & Power Co. 5s, 1951	50,000
Cumberland Telephone & Telegraph Co. 5s, 1937	50,000
Chicago Telephone & Telegraph Co. 5s, 1923	100,000

TRAVELERS' INSURANCE CO., HARTFORD, CONN.

American Telephone & Telegraph Co. 5 per cent notes, 1910	$50,000
Chicago & West Indiana R. R. 5's, 1910	100,000
New York, New Haven & Hartford R. R. Co. 5's, 1908	25,000
Chicago, Burlington & Quincy R. R. 4's, 1958	10,000
Kansas City, Memphis & Birmingham 4's, 1934	50,000
Washington Water Power Co. 5's, 1939	50,000
Michigan Central R. R. Co. 4's, 1929	50,000
Peoria & Northwestern R. R. 3½'s, 1926	25,000
Sioux City & Pacific 3½'s, 1936	25,000
Boston & Albany R. R. equipment 4½'s, 1926	25,000

UNION MUTUAL LIFE INSURANCE CO., PORTLAND, ME.

City of Troy, N. Y., regular 4's, 1939	$20,000
Vermont Valley first mortgage 4½'s, 1940	10,000
Bridgton & Saco River R. R. Co. 4's, 1928	4,000
Chicago & West Indiana R. R. 5's, 1910	10,000
Lake Shore & Michigan Southern 5's, 1910	25,000
City of Holyoke, Mass., regular:	
4's, 1911	10,500
4's, 1912	10,500
4's, 1913	10,500
City of Fall River, Mass., regular 3½'s, 1913	20,000
City of Somerville, Mass.:	
4's, 1908	9,000
4's, 1909	11,000
4's, 1910	9,000
City of Peabody, Mass., 4's, 1912	5,000
City of Portland, Me., 4's, 1913	1,000
City of Syracuse, N. Y.:	
4½'s, 1913	10,000
4½'s, 1914	10,000

City of Newton, Mass.:	
4's, June, 1914	$12,000
4's, July, 1914	7,000
4's, 1912	3,000
City of Chicago 4s, 1916	10,000
Fitchburg R. R. 4½s, 1928	22,000
Portland & Ogdensburg Ry. 4½s, 1928	10,000
City of South Portland:	
4s, 1918	4,000
4s, 1919	3,000
4s, 1920	3,000
4s, 1921	3,000
4s, 1922	3,000
4s, 1923	3,000
4s, 1924	3,000
4s, 1925	3,000
Florida East Coast Ry 4½s, 1959	15,000

YEOMEN OF AMERICA, AURORA, ILL.

Chicago, Burlington & Quincy R. R. 4s, 1958	$5,000

No railroad or industrial corporation engaged in interstate commerce has been reorganized by the firm of Lee, Higginson & Co., or under its direction, except as follows:

Mr. Gardiner M. Lane was one of the reorganization committee of the McCall Ferry Power Co., which was reorganized on the plan of May 28, 1909. A copy of the plan of reorganization is attached hereto. Below is a list of the initial directors of the Pennsylvania Water & Power Co., which succeeded the McCall Ferry Power Co.:

J. E. Aldred, W. M. Canby, F. B. Dow, John H. Kelley, F. C. McCown, jr., K. M. Spence.

M'CALL FERRY POWER CO.

Plan and agreement.

Agreement, made this 28th day of May, 1909, between William M. Barnum, A. C. Bedford, S. Reading Bertron, Charles A. Coffin, and Gardiner M. Lane (hereinafter called the committee), and the holders of first mortgage bonds and preferred stock of McCall Ferry Power Co. becoming parties hereto (hereinafter called depositors).

Whereas additional funds are required to complete for operation the plant now of the McCall Ferry Power Co, and the committee has prepared the following:

Plan.

1. A new company—the term "new company" being used herein to mean either the present company or any other that may be used—is to be vested with the properties of the present company and with cash as hereinafter stated, and will have authorized bonds and stock as follows: Thirty-year first mortgage 5 per cent gold bonds, $12,500,000; stock, all of one class, $8,500,000; of which bonds at least $4,920,000 are to be in the treasury of the new company after the plan is carried out.

2. The holders of the bonds of the present company who become parties to this plan and agreement and perform the obligations thereof will receive in exchange for their present bonds 40 per cent of the principal thereof in such bonds and 60 per cent of such principal in negotiable voting trust certificates for such stock of the new company all such new stock to be deposited under a voting trust terminating November 1, 1912, when the voting trust certificates will be exchangeable for the stock—the voting trust to provide for three voting trustees, two to be nominated by those furnishing the new money and one by the committee, and their successors to be nominated in the same interests respectively.

3. From $4,170,000 to $4,250,000 of such bonds and $3,500,000 of such stock of the new company are to be for sale at a price to realize 90 per cent of the principal of the bonds.

4. The disposition of the securities of the new company, in accordance with the foregoing, is indicated in the following table:

Parties.	Bonds.	Stock.
To those furnishing the new money $3,750,000, at least	$4,170,000	$3,500,000
To holders of the present bonds ($6,125,000 - 40 per cent in new bonds and 60 per cent in new stock	3,330,000	4,995,000
	7,500,000	8,495,000

* Certain additional bonds outstanding in pledge are not included, as they will be discharged from pledge and canceled in carrying out said plan and agreement.

5. The committee may cause fractional scrip to be issued to those entitled to fractional amounts of bonds or stock.

Now, therefore, this indenture witnesseth:

First. William M. Barnum, A. C. Bedford, S. Reading Bertron, Charles A. Coffin, and Gardiner M. Lane agree to act as the committee.

Second. All holders of bonds or of bonds and preferred stock of the McCall Ferry Power Co., becoming parties hereto, hereby assent to said plan and agree to forthwith deposit, or cause the deposit of, their bonds and preferred stock with the Knickerbocker Trust Co., No. 66 Broadway, New York, or with the City Trust Co., No. 50 State Street, Boston (hereinafter called the "depositaries"), it being understood that the receiving depositary shall, upon such deposit, issue certificate or certificates of deposit evidencing the same, which certificates shall be transferable, and shall entitle the holder to receive new securities in accordance with said plan, or to receive back the bonds and stock deposited, as hereinafter provided. All certificates for stock shall be properly indorsed in blank for transfer. The mere deposit of any bonds or bonds and stock with one of the depositaries shall operate to make the depositor a party to this agreement, and shall operate as a transfer of the bonds and stock so deposited to the committee or its successors, and shall empower the committee to exercise all the powers herein given.

Third. The holders of said bonds or bonds and stock, parties hereto, hereby severally vest in said committee, under the terms of this agreement, as trustee of an express trust, the legal title to all bonds and stock deposited or caused or agreed to be deposited by them, respectively, and give the committee full power to do all things in the committee's judgment necessary or proper to carry out said plan, including power:

(*a*) At their discretion, to acquire or not to acquire, at public or private sale or otherwise the whole or any part of the properties of the McCall Ferry Power Co., including any on which it holds options, and to use deposited bonds or any thereof, or any other resources, in such purchase or acquisition.

(*b*) To act for the depositors in presenting coupons for payment, in requesting or instructing or otherwise moving the trustee under the mortgage securing said bonds with respect to action thereunder, and also to act for them in or in respect to any action which may be brought for the foreclosure of said mortgage or in any other action which may be brought which in any way affects or may affect the rights and interests of the depositors; to receive and receipt for any money to which said bonds or stock shall be at any time entitled; to execute and deliver any requests, consents, waivers, or other writings, including consents to issuing receivers' certificates prior or not in lien, which it may seem to the committee necessary or desirable to file in any court or office or with the trustee under said mortgage or elsewhere.

(*c*) To employ such agents, attorneys, and counsel as the committee deem best, to represent and act for or authorize representation of and action for the depositors, or any of them, in any court or elsewhere with respect to all rights and interests in any way affecting said bonds or stock.

(*d*) So far as deemed expedient by the committee to contract or otherwise provide for the purchase, compromise, adjustment, or payment, in full or in part, of any indebtedness of the McCall Ferry Power Co. or of any receiver's certificates that may be liens on any of the mortgaged property, or for the extension of any such indebtedness as the obligation of the new company, or for the redemption from pledge of any property or securities directly or indirectly belonging to said McCall Ferry Power Co.

(*e*) To sell, contract for the sale of, or otherwise dispose of any new bonds and stock not required for the depositors or reserved for the treasury under said plan, and to contract for underwriting with respect thereto, and, in connection with any such contract for underwriting, to pay a reasonable commission therefor; any member or members of the committee, or any persons or corporations who may be associated with or represented by them, to have the right to join in any such sale or contract.

(*f*) To borrow money in order to raise any cash required to pay the expenses of the committee or to make any cash payment required upon any foreclosure or other sale, or to carry on any construction or other work, or purchase any property deemed necessary, or to enable the committee to do any of the other things which they may be authorized to do, or generally for any purpose which the committee may deem necessary or expedient in order to carry out said plan; the committee being hereby expressly authorized to pledge for the repayment of any or all sums so borrowed, any or all of the deposited bonds or stock, and any or all assets acquired by them, and any or all of the bonds or stock of the new company received by them under said plan, and not specifically appropriated by the plan or taken by the parties entitled thereto; but no depositor shall be liable personally for or upon any debt of the committee.

(*g*) To cause the new company to be organized in such manner and with such powers as the committee may deem proper, or to adapt and use an existing company as such "new company" and to fix the terms of its bonds and the mortgage securing the same, subject to the provisions of said plan; to determine all questions pertaining to the management, operation or disposition of any property acquired by them until the new company shall be organized and in possession and control of said property; to make such construction, improvements or repairs as they shall deem expedient, and to make such contracts in regard thereto as the new company might make if already organized and in operation; and to cause the provisions of said plan in respect to a voting trust and voting trust certificates to be carried out; and generally to exercise all the powers of owners and holders of said bonds and stock, including power to vote at any meeting of bondholders, creditors, or stockholders, and to use the same as the committee may deem expedient in carrying out said plan; the statement of particular powers herein not to limit the committee from or in the exercise of any power which, in their judgment, may be desirable in accomplishing the purposes of said plan and agreement; nor shall the committee be restricted in or in respect to dealing, under any of its powers, with or in respect to any property, security, or indebtedness, by reason of any interest in any thereof of any member of the committee, or of any firm or corporation in which a member is interested; it being expressly agreed by all depositors that the methods to be adopted for carrying out said plan and agreement are to be determined from time to time by the committee in their sole discretion, and that the committee shall have the right at any time to change any such determination should their judgment be changed by subsequent developments.

Fourth. Whatever shall be acquired in any way by the committee under this agreement shall be acquired by them as joint tenants, and not as tenants in common, so as to remain the property of the said committee, however the members thereof may be changed. The members of the committee shall have reasonable compensation for their services from this time in carrying out said plan, the amount of such compensation, however, to be subject to the approval of the board of directors of the new company. Any member of the committee may become a party hereto as a depositor. Any member of the committee may resign by writing, addressed to the committee. By appointment in writing signed by a majority of the committee, additional members thereof may be appointed, and vacancies therein, occurring by death, resignation, or otherwise, may be filled. The committee may act by a majority thereof either at a meeting or in writing without a meeting. Any member may vote or act by proxy appointed in writing, who may be another member of the committee or any other person approved by a majority of the committee. No member of the committee shall be liable for the act or omission of another member, nor shall the committee or any member thereof, or either of the depositaries be liable for the act or omission of any agent or employee selected in good faith, or in any case except for its or his own willful misconduct.

Fifth. The committee may construe this agreement, including said plan, and their construction thereof, or action thereunder, in good faith, shall be final

and conclusive; they shall have power to determine, and to act according to their judgment in, all matters not specifically provided for herein, but within the general purpose set out in said plan, and shall also have power to modify said plan in any matter of detail not affecting the substantial rights of the other parties hereto.

Sixth. Holders of bonds or bonds and preferred stock of the McCall Power Co. may become parties hereto at any time on or before July 1, 1909, or such later date or dates as the committee may fix, by signing this agreement, which it is understood may be signed in any number of parts, or by depositing, or causing the deposit of, their bonds or bonds and stock without such signing as above provided.

Seventh. The committee shall not be required to take any action in the interest of any of the stock deposited hereunder, nor shall it be under any obligation whatever to any holder of bonds or stock not a party to this agreement.

Eighth. In case the committee should at any time decide that it is not, for any reason, to the interest of the depositors to carry out the said plan, they may either—

(1) Declare this agreement terminated, in which case all bonds and stock deposited hereunder shall be delivered and transferred to the several holders of certificates of deposit upon surrender of said certificates, and upon payment of their due proportion of the obligations already incurred to be determined by the committee; or

(2) File a new agreement with the depositaries, mail a copy of the same in a post-paid wrapper to each depositor to the address, if any, filed with either of the depositaries, or, if no such address has been so filed, then to the address last known to the committee, whereupon the depositors shall have the right, within 20 days after the copies of such new agreement shall have been so mailed, to withdraw their bonds and stock upon payment of their due proportion of the obligations already incurred, to be determined by the committee, and in the event of failure to so withdraw within such 20 days, every depositor so failing shall be deemed to have assented to and ratified such new agreement, and such assent and ratification shall be deemed final and irrevocable.

Ninth. In case the committee shall deem it desirable or proper to give any notice to the depositors or any of them, such notice shall be deemed to have been given if mailed in writing to such depositors at the addresses, if any, filed in writing with a depositary for the purpose; or when no such address has been so filed, then to the address last known to the committee.

Tenth. Acceptance of new bonds and stock by any depositor shall estop such depositor from questioning the conformity thereof, as to character or otherwise, to any provision of this plan and agreement.

Eleventh. After the reorganization shall have been completed and all debts and liabilities incurred in connection therewith shall have been paid or discharged all moneys, securities, and other property not used or required for any of the purposes herein authorized and remaining in the hands of the committee are to be transferred to or held for the benefit of the new company, under appropriate agreements for the protection and indemnity of the committee.

Twelfth. Originals of this agreement are to be lodged with said Knickerbocker Trust Co., of the city of New York, and with said City Trust Co., of Boston, where they may be inspected by depositors. This instrument may be signed in several parts with the same effect as if all signatures were hereon.

Upon transfer of any certificate of deposit the transferee shall succeed to all the rights of the prior holder and be subject to all the provisions hereof. The word "depositors" herein includes the holders of record of the certificates of deposit issued hereunder outstanding at the time in question. The committee and the depositaries may treat the holder of record of each certificate of deposit as the absolute owner thereof.

The depositaries shall severally hold and dispose of, subject to the order of a majority of the committee, the bonds and certificates of stock deposited with it, and, in acting as depositaries hereunder, act respectively as agents for and are answerable to the committee alone.

A writing signed by a majority of the committee shall be sufficient evidence to the depositaries of any action of the committee stated therein.

In witness whereof, the parties of the first part (members of said committee) have hereunto signed their names, and the various depositors, parties of the second part, have hereunto signed their names and written opposite thereto the

amount of bonds and stock deposited by them, respectively, or have deposited, or caused the deposit of, their bonds and stock, the day and year first above written.

WILLIAM M. BARNUM.
A. C. BEDFORD.
S. READING BERTRON.
CHARLES A. COFFIN.
GARDINER M. LANE.

EXHIBIT No. 216. JANUARY 22, 1913

Statement of issues of bonds of and shares in interstate corporations in the purchase, sale, or underwriting of which the firm of Lee, Higginson & Co. took part, either alone or jointly with other bankers or banks, as called for by paragraphs 7 and 9.

AMERICAN AGRICULTURAL CHEMICAL CO.

Twenty-year first mortgage 5 per cent convertible bonds, dated October 1, 1908, and due October 1, 1928.

September and October, 1908.

$8,000,000 bonds bought by Lee, Higginson & Co.

Forty-two banks and bankers participated through Lee, Higginson & Co. in the underwriting and sale of the bonds, as follows:

Hornblower & Weeks, Boston, Mass.
Clark, Dodge & Co., New York, N. Y.
Moffat & White, New York, N. Y.
Parkinson & Burr, Boston, Mass.
Jackson & Curtis, Boston, Mass.
Chase National Bank, New York, N. Y.
National City Bank, New York, N. Y.
J. P. Morgan & Co., New York, N. Y.
Estabrook & Co., Boston, Mass.
Bank of Montreal (agency), New York, N. Y.
Strong, Sturgis & Co., New York, N. Y.
Harvey Fisk & Sons, New York, N. Y.
Henry & West, Philadelphia, Pa.
Bond & Goodwin, Boston, Mass.
Blodget, Merritt & Co., Boston, Mass.
Curtis & Sanger, Boston, Mass.
F. S. Moseley & Co., Boston, Mass.
Edgerly & Crocker, Boston, Mass.
W. O. Gay, Boston, Mass.
Townsend, Anthony & Tyson, Boston, Mass.
Moors & Cabot, Boston, Mass.
James A. Hutchinson, Boston, Mass.
Chicago Savings Bank & Trust Co., Chicago, Ill.
American Trust & Savings Bank, Chicago, Ill.
Babcock, Rushton & Louderback, Chicago, Ill.
A. G. Edwards & Sons, St. Louis, Mo.
Commercial National Bank, Chicago, Ill.
Lyon, Gary & Co., Chicago, Ill.
W. H. Fillmore & Co., Chicago, Ill.
Russell, Brewster & Co., Chicago, Ill.
And 12 others in other cities.

January, 1911.

$4,000,000 bonds bought by Lee, Higginson & Co.

Seventeen banks and bankers participated through Lee, Higginson & Co. in the underwriting and sale of the bonds, as follows:

Clark, Dodge & Co., New York, N. Y.
J. P. Morgan & Co., New York, N. Y.
National City Bank, New York, N. Y.
Chase National Bank, New York, N. Y.
White, Weld & Co., New York, N. Y.
J. & W. Seligman & Co., New York, N. Y.
Parkinson & Burr, Boston, Mass.
Estabrook & Co., Boston, Mass.

Seventeen banks and bankers participated through Lee, Higginson & Co. in the underwriting and sale of the bonds, as follows—Continued.

Bond & Goodwin, Boston, Mass.
F. S. Moseley & Co., Boston, Mass.
Northern Trust Co., Chicago, Ill.
Continental & Commercial National Bank, Chicago, Ill.
First Trust & Savings Bank, Chicago, Ill.
And four others in other cities.

Six per cent cumulative preferred stock.
April, 1912.
$6,000,000 par value of the shares underwritten by Lee, Higginson & Co.
$2,522,100 par value of the shares not subscribed for by the stockholders of the American Agricultural Chemical Co. were taken up by Lee, Higginson & Co. as syndicate managers.

Twenty-two banks and bankers participated through Lee, Higginson & Co. in the underwriting and sale of the shares, as follows:

Brown Bros. & Co., Boston, Mass.
Hornblower & Weeks, Boston, Mass.
Parkinson & Burr, Boston, Mass.
Estabrook & Co., Boston, Mass.
F. S. Moseley & Co., Boston, Mass.
Curtis & Sanger, Boston, Mass.
Moors & Cabot, Boston, Mass.
Millet, Roe & Hagen, Boston, Mass.
J. W. Bowen & Co., Boston, Mass.
Jackson & Curtis, Boston, Mass.
H. C. Wainwright & Co., Boston, Mass.
Hunt, Saltonstall & Co., Boston, Mass.
H. V. Long, Boston, Mass.
George S. Baldwin, Boston, Mass.
Clark, Dodge & Co., New York, N. Y.
National City Bank, New York, N. Y.
J. & W. Seligman & Co., New York, N. Y.
Kuhn, Loeb & Co., New York, N. Y.
Ames, Emerich & Co., Chicago, Ill.
Hayden, Miller & Co., Cleveland, Ohio.
And two others in other cities.

AMERICAN SMELTERS SECURITIES CO.

Five per cent preferred stock, "Series B."
April, 1905, to January, 1908.
Lee, Higginson & Co. took a participation of $1,500,000 underwriting through Kuhn, Loeb & Co.
Lee, Higginson & Co. sold $2,105,100 par value of the shares.
Ten banks and bankers participated in the underwriting taken by Lee, Higginson & Co., as follows:

City Trust Co., Boston, Mass.
Strong, Sturgis & Co., New York, N. Y.
Parkinson & Burr, Boston, Mass.
American Loan & Trust Co., Boston, Mass.
Bond & Goodwin, Boston, Mass.
Moors & Cabot, Boston, Mass.
And four others in other cities.

AMERICAN SMELTING & REFINING CO.

Fifteen-year 6 per cent gold debenture bonds, due February 1, 1926.
November, 1910.
Lee, Higginson & Co. took a participation of $150,000 underwriting through Kuhn, Loeb & Co.

AMERICAN TELEPHONE & TELEGRAPH CO.

Collateral trust 4 per cent bonds, due July 1, 1929.
March, 1906.
Lee, Higginson & Co. took a participation of $200,000 underwriting through Kidder, Peabody & Co.

AMERICAN WOOLEN CO.

Preferred stock.
December, 1906.
Lee, Higginson & Co. took a participation of $20,000 through Brown Bros. & Co.
Lee, Higginson & Co. sold $14,000.

AMERICAN WOOLEN CO.

Preferred stock.
June, 1909.
Lee, Higginson & Co. took a participation of $250,000 underwriting through Brown Bros. & Co.

ARMOUR & CO.

Real estate first mortgage 4½ per cent bonds, due June 1, 1939.
May, 1909.
Lee, Higginson & Co. took a participation of $150,000 underwriting through the National City Bank of New York.
Lee, Higginson & Co. sold $571,000 bonds.

ATCHISON, TOPEKA & SANTA FE RAILWAY CO.

General mortgage 4 per cent bonds, due October 1, 1995.
March, 1908.
$4,000,000 bought by a syndicate composed of Lee, Higginson & Co., Moffat & White, and Clark, Dodge & Co.
One foreign banker participated in the underwriting through Lee, Higginson & Co.
Eastern Oklahoma division first mortgage 4 per cent bonds, due March 1, 1928.
March, 1908.
Lee, Higginson & Co. took a participation of $125,000 underwriting through the Guaranty Trust Co. of New York.
Lee, Higginson & Co. sold $122,000 bonds.
Transcontinental Short Line first mortgage 4 per cent bonds, due July 1, 1958.
August, 1908.
Lee, Higginson & Co. took a participation of $1,000,000 underwriting through J. P. Morgan & Co.
Lee, Higginson & Co. sold $1,284,000 bonds.
Four banks and bankers participated through Lee, Higginson & Co. in the underwriting and sale of the bonds, as follows:
Bank of Montreal (agency), New York, N. Y.
Illinois Trust & Savings Bank, Chicago, Ill.
And two foreign bankers.
Convertible 4 per cent bonds, due June 1, 1960.
March, 1910.
Lee, Higginson & Co. took a participation of $1,000,000 underwriting through J. P. Morgan & Co.

ATLANTIC COAST LINE RAILROAD CO.

First consolidated 4 per cent bonds, due July 1, 1952.
September, 1905, to April, 1907.
$2,000,000 bonds bought by Lee, Higginson & Co.
$1,146,000 bonds bought by Clark, Dodge & Co.
Lee, Higginson & Co.'s participation, $1,031,000 bonds.
Five other banks and bankers participated in the underwriting and sale of the bonds, as follows:
Kinnicutt & Potter, New York, N. Y.
And four others in other cities.

BALDWIN LOCOMOTIVE WORKS.

First mortgage 5 per cent bonds, due May 1, 1940.
April, 1910.
Lee, Higginson & Co. took a participation of $100,000, underwriting through Brown Bros. & Co., of Philadelphia.

BALTIMORE & OHIO RAILROAD CO.

Pittsburgh, Lake Erie & West Virginia 4 per cent bonds, due November 1, 1941.
February, 1909.
Lee, Higginson & Co. took a participation of $100,000, underwriting through the Guaranty Trust Co. of New York.
Lee, Higginson & Co. sold $250,000 bonds.

BOSTON & LOWELL RAILROAD CORPORATION.

Debenture 4 per cent bonds, due November 1, 1926.
June, 1906.
Lee, Higginson & Co. took a participation of $113,750, underwriting through R. L. Day & Co.

BOSTON & MAINE RAILROAD.

Four per cent debenture bonds, due September 1, 1926.
February, 1906, to May, 1908.
$10,000,000 bonds bought by R. L. Day & Co. for a syndicate composed of the following:
R. L. Day & Co. (managers), Boston, Mass.
Kidder, Peabody & Co., Boston, Mass.
Estabrook & Co., Boston, Mass.
Lee, Higginson & Co., Boston, Mass.
The following bankers were admitted to the syndicate by the original syndicate as above:
Blake Bros. & Co., Boston, Mass.
Brown Bros. & Co., Boston, Mass.
Parkinson & Burr participated through Lee, Higginson & Co. in the underwriting and sale of the bonds.
Six months 3½ per cent notes, due April 1, 1909, April 21, 1909, May 2, 1909.
September, 1908.
Lee, Higginson & Co. took a participation of $500,000 through Estabrook & Co.
Lee, Higginson & Co. sold $250,000 notes.
One-year 4 per cent coupon notes, due June 10, 1913.
May, 1912.
Lee, Higginson & Co. bought through J. P. Morgan & Co. $3,500,000 notes.

BOSTON & NEW YORK RAILROAD CO.

Air line 4 per cent bonds, due August 1, 1955.
March, 1906.
Five hundred thousand dollars bonds bought by a syndicate, as follows: Lee, Higginson & Co., one-half interest; Mackay & Co., one-half interest.

CENTRAL NEW ENGLAND RAILWAY CO.

First-mortgage 4 per cent bonds, due January 1, 1961.
May, 1911.
Lee, Higginson & Co. sold $1,000,000 bonds, offered by circular of J. P. Morgan & Co., First National Bank of New York and National City Bank of New York, dated May 18, 1911.

CALUMET & HECLA MINING CO.

Five per cent coupon notes, due March 1, 1912, and March 1, 1919.
February, 1909.
Lee, Higginson & Co. bought $1,950,000 notes of the Calumet & Hecla Mining Co.

CHESAPEAKE & OHIO RAILWAY CO.

Four per cent equipment bonds, series K, dated October 15, 1906, due April 15, 1907, to October 15, 1916, inclusive.

October, 1906.
Lee, Higginson & Co. took a participation of $100,000, underwriting through Brown Bros. & Co.
Lee, Higginson & Co. sold $64,000 bonds.
Four and one-half per cent convertible bonds, due February 1, 1930.
March, 1910.
Lee, Higginson & Co. took a participation of $200,000 underwriting through J. P. Morgan & Co., Kuhn, Loeb & Co., and the National City Bank of New York.
General mortgage 4½ per cent bonds, due March 1, 1902.
September, 1910.
Lee, Higginson & Co. took a participation of $149,000 underwriting through White, Weld & Co.
Lee, Higginson & Co. sold $200,000 bonds.

CHICAGO, BURLINGTON & QUINCY RAILROAD CO.

General mortgage 4 per cent bonds, due March 1, 1958.
May, 1908.
Lee, Higginson & Co. took a participation of $3,200,000, underwriting through J. P. Morgan & Co.
Lee, Higginson & Co. sold $7,000,000 bonds.
Clark, Dodge & Co. participated, through Lee, Higginson & Co., in the underwriting.
February, 1909.
Lee, Higginson & Co. took a participation of $3,000,000, underwriting through J. P. Morgan & Co.
Lee, Higginson & Co. sold $1,500,000 bonds.

CHICAGO GREAT WESTERN RAILWAY CO.

First mortgage 4 per cent bonds, due September 1, 1959.
Preferred stock.
Common stock.
June, 1909.
Lee, Higginson & Co. took a participation of $100,000, underwriting through J. P. Morgan & Co.

CHICAGO, INDIANA & SOUTHERN RAILROAD CO.

Four per cent bonds, due January 1, 1956.
March, 1908.
Lee, Higgingson & Co. took a participation of $1,000,000, underwriting through the National City Bank of New York.
Lee, Higginson & Co. sold $50,000 bonds.

CHICAGO, MILWAUKEE & PUGET SOUND RAILWAY CO.

First mortgage 4 per cent bonds, due January 1, 1949.
March, 1911.
Lee, Higginson & Co. took a participation of $250,000 underwriting through Kuhn, Loeb & Co. and the National City Bank, of New York.

CHICAGO, ROCK ISLAND & PACIFIC RAILWAY CO.

First and refunding mortgage 4 per cent bonds, due April 1, 1934.
February, 1906.
Lee, Higginson & Co. took a participation of $100,000 underwriting through Speyer & Co.
Lee, Higginson & Co. sold $100,000 bonds.

CHICAGO TELEPHONE CO.

First mortgage 5 per cent bonds, due December 1, 1923.
October, 1908.
$5,000,000 bonds bought by a syndicate composed of the following:
First Trust & Savings Bank, Chicago, Ill.
Merchants Loan & Trust Co., Chicago, Ill.
Lee, Higginson & Co., Boston, Mass.

Lee, Higginson & Co.'s participation, $2,000,000.
Lee, Higginson & Co. sold $2,416,000 bonds.
Seven banks and bankers participated through Lee, Higginson & Co. in the underwriting and sale of the bonds, as follows:
Illinois Trust & Savings Bank, Chicago, Ill.
Babcock, Rushton & Louderback, Chicago, Ill.
Chicago Savings Bank & Trust Co., Chicago, Ill.
National City Bank, Chicago, Ill.
J. P. Morgan & Co., New York, N. Y.
First Trust & Savings Bank, Chicago, Ill.
Merchants Loan & Trust Co., Chicago, Ill.
April, 1912.
Lee, Higginson & Co. took a participation of $2,750,000 underwriting through Harris Trust & Savings Bank, Chicago.
Lee, Higginson & Co. sold $3,457,000 bonds.

CHICAGO & NORTHWESTERN RAILWAY CO.

General mortgage 4 per cent bonds, due November 1, 1987.
November, 1910.
Lee, Higginson & Co. took a participation of $150,000 underwriting through Kuhn, Loeb & Co.
April, 1911.
Lee, Higginson & Co. took a participation of $200,000 underwriting through Kuhn, Loeb & Co.

CHICAGO & WESTERN INDIANA RAILWAY CO.

Consolidated mortgage 4 per cent bonds, due July 1, 1952.
April, 1908.
Lee, Higginson & Co. bought of the Chicago & Eastern Illinois Railroad Co. $323,000 bonds.

CONCORD & MONTREAL RAILROAD CO.

First consolidated 4 per cent bonds, due June 1, 1920.
October, 1910.
Lee, Higginson & Co. and J. P. Morgan & Co. bought of the Boston & Maine Railroad $500,000 bonds.

CUDAHY PACKING CO.

First mortgage 5 per cent bonds, due May 1, 1924.
April, 1909.
$4,000,000 bought by Lee, Higginson & Co.
Twelve banks and bankers participated through Lee, Higginson & Co. in the underwriting and sale of the bonds, as follows:
National City Bank, New York, N. Y.
J. P. Morgan & Co., New York, N. Y.
Moffat & White, New York, N. Y.
Clark, Dodge & Co., New York, N. Y.
Henry & West, Philadelphia, Pa.
Merchants Loan & Trust Co., Chicago, Ill.
Commercial National Bank, Chicago, Ill.
Illinois Trust & Savings Bank, Chicago, Ill.
St. Louis Union Trust Co. (Ltd.), Chicago, Ill.
And three others in other cities.

CUMBERLAND TELEPHONE & TELEGRAPH CO.

First and general mortgage 5 per cent bonds, due January 1, 1937.
February, 1912.
Lee, Higginson & Co. bought of the Cumberland Telephone & Telegraph Co. $1,240,000 bonds.
Lee, Higginson & Co. formed a syndicate with Estabrook & Co., of Boston, and themselves.

DETROIT UNITED RAILWAY CO.

Three-year 5 per cent notes, due March 1, 1909.
February, 1906.
Lee, Higginson & Co. took a participation of $100,000 underwriting through William A. Read & Co.

DULUTH, MISSABE & NORTHERN RAILWAY CO.

General mortgage 5 per cent bonds, due January 1, 1941.
March, 1909.
Lee, Higginson & Co. took a participation of one-half (probably about $500,000) of the amount taken by the Union Trust Co., New York. No amount specified.
Lee, Higginson & Co. sold $443,000 bonds.

EASTERN PENNSYLVANIA POWER CO.

First and refunding fives, due October 1, 1939.
January, 1912.
$1,750,000 bonds bought by Lee, Higginson & Co.
Nine banks and bankers participated through Lee, Higginson & Co. in the underwriting and sale of the bonds, as follows:
Graham & Co., Philadelphia, Pa.
Elkins, Krumbhaar & Morris, Philadelphia, Pa.
Otis & Hough, Cleveland, Ohio.
James A. Hutchinson, Boston, Mass.
And five others in other cities.

EASTERN RAILWAY CO. OF MINNESOTA.

Northern division first mortgage 4 per cent bonds, due April 1, 1948.
April, 1909.
Lee, Higginson & Co. took a participation of approximately $710,000 underwriting through Clark, Dodge & Co.
Lee, Higginson & Co. sold $80,000 bonds.

ERIE RAILROAD CO.

Six per cent notes, due April 8, 1914.
February, 1911.
Lee, Higginson & Co. took a participation of $250,000 underwriting through J. P. Morgan & Co.
Lee, Higginson & Co. sold $1,250,000 notes.
Five per cent collateral trust notes, due April, 1915.
April, 1912.
Lee, Higginson & Co. took a participation of $300,000 underwriting through J. P. Morgan & Co.
Lee, Higginson & Co. sold $280,000 notes.

FITCHBURG RAILROAD CO.

One-year 6 per cent bonds, due January 15, 1909.
Boston & Lowell Railroad Corporation 1-year 6 per cent bonds, due January 15, 1909.
January, 1908.
Lee, Higginson & Co., took a participation of $200,000 through R. L. Day & Co.
Lee, Higginson & Co. sold $275,000 bonds.
Parkinson & Burr participated through Lee, Higginson & Co. in the underwriting.
These two issues were bought "en bloc."
Four-and-a-half per cent debenture bonds, due May 1, 1928.
April, 1908.
Lee, Higginson & Co. took a participation of $546,000 underwriting through R. L. Day & Co.
Lee, Higginson & Co. sold $400,000 bonds.

GENERAL ELECTRIC CO.

Five per cent debenture bonds, due September 1, 1952.
September, 1912.
$10,000,000 bonds were bought by Lee, Higginson & Co. and J. P. Morgan & Co. jointly.
The following bankers were associated in the underwriting and sale of the bonds:
Kissel, Kinnicutt & Co., New York, N. Y.
William P. Bonbright & Co., New York, N. Y.

GENERAL MOTORS CO.

First lien 6 per cent notes, due October 1, 1915.
November, 1910.
$15,000,000 notes bought by a syndicate, as follows:
Central Trust Co. of New York, New York, N. Y.
Kuhn, Loeb & Co., New York, N. Y.
J. & W. Seligman & Co., New York, N. Y.
Lee, Higginson & Co., Boston, Mass.
Eight banks and bankers participated through Lee, Higginson & Co. in the underwriting and sale of these notes, as follows:
Hornblower & Weeks, Boston, Mass.
First National Bank, Boston, Mass.
F. S. Moseley & Co., Boston, Mass.
Parkinson & Burr, Boston, Mass.
Brown Bros. & Co., Boston, Mass.
Bank of Montreal (agency), New York, N. Y.
And two others in other cities.

GREAT NORTHERN RAILWAY CO.

First and refunding 4½ per cent bonds, due May 1, 1961.
June, 1911.
Lee, Higginson & Co. subscribed for $1,185,000 bonds through the First National Bank of New York.
Lee, Higginson & Co. were awarded $1,185,000 bonds.

HILTON-DODGE LUMBER CO.

First mortgage 6 per cent bonds, dated January 2, 1912, and due July 1, 1914, to July 1, 1922, inclusive.
March, 1912.
$4,500,000 bought by Lee, Higginson & Co.
Seven bankers participated, through Lee, Higginson & Co., in the underwriting and sale of these bonds, as follows:
Graham & Co., Philadelphia, Pa.
Allerton, Greene & King, Chicago, Ill.
A. G. Edwards & Sons, St. Louis, Mo.
Hayden, Miller & Co., Cleveland, Ohio.
And three others in other cities.

HUDSON & MANHATTAN RAILROAD CO.

Four and one-half per cent bonds, due February 1, 1957.
March, 1906.
Lee, Higginson & Co. subscribed for $1,490,000 notes through Harvey Fisk & Sons.
$1,366,000 notes were for Lee, Higginson & Co.'s clients.
124,000 notes were for Lee, Higginson & Co.

1,490,000 total.

ILLINOIS STEEL CO.

Debenture 4½ per cent bonds, due April 1, 1940.
July, 1911.
$5,000,000 bought by Kissel, Kinnicutt & Co. and Lee, Higginson & Co. jointly.

Fifteen banks and bankers participated through Lee, Higginson & Co. in the underwriting and sale of these bonds, as follows:
R. L. Day & Co., Boston, Mass.
Estabrook & Co., Boston, Mass.
Curtis & Sanger, Boston, Mass.
Kidder, Peabody & Co., Boston, Mass.
Clark, Dodge & Co., New York, N. Y.
St. Louis Union Trust Co., St. Louis, Mo.
Illinois Trust & Savings Bank, Chicago, Ill.
Chicago Savings Bank & Trust Co., Chicago, Ill.
Continental & Commercial Trust & Savings Bank, Chicago, Ill.
And six others in other cities.
April, 1912.
$5,500,000 bought by Kissel, Kinnicutt & Co. and Lee, Higginson & Co. jointly.
Twenty-nine banks and bankers participated through Lee, Higginson & Co. in the underwriting and sale of these bonds, as follows:
Clark, Dodge & Co., New York, N. Y.
Potter, Choate & Prentice, New York, N. Y.
White, Weld & Co., New York, N. Y.
Kidder, Peabody & Co., Boston, Mass.
Estabrook & Co., Boston, Mass.
R. L. Day & Co., Boston, Mass.
Curtis & Sanger, Boston, Mass.
Parkinson & Burr, Boston, Mass.
Old Colony Trust Co., Boston, Mass.
Van Antwerp, Bishop & Co., New York, N. Y.
Dick Bros. & Co., New York, N. Y.
Continental & Commercial National Bank, Chicago, Ill.
Harris, Winthrop & Co., Chicago, Ill.
Central Trust Co. of Illinois, Chicago, Ill.
People's Trust & Savings Bank, Chicago, Ill.
Ames, Emerich & Co., Chicago, Ill.
Babcock, Rushton & Co., Chicago, Ill.
Yard, Otis & Taylor, Chicago, Ill.
Hayden, Miller & Co., Cleveland, Ohio.
A. G. Edwards & Sons, St. Louis, Mo.
St. Louis Union Trust Co., St. Louis, Mo.
D. Arthur Bowman & Co., St. Louis, Mo.
And seven others in other cities.

INDIANA STEEL CO.

First mortgage 5 per cent bonds, due May 1, 1952.
April, 1912.
Lee, Higginson & Co., jointly with Kissel, Kinnicutt & Co., of New York, took a participation of $5,000,000 underwriting through J. P. Morgan & Co., the First National Bank of New York, and National City Bank of New York.
Lee, Higginson & Co. sold $1,580,000 bonds.
Clark, Dodge & Co. participated, through Lee, Higginson, & Co., in the underwriting and sale of these bonds.

INTERNATIONAL HARVESTER CO.

Five per cent notes, due February 15, 1915.
January, 1912.
Lee, Higginson & Co. took a participation of $500,000 underwriting through J. P. Morgan & Co.
Lee, Higginson & Co. sold $500,000 notes.

IROQUOIS IRON CO.

First mortgage 5 per cent gold bonds, dated December 1, 1909, and due December 1, 1912, to December 1, 1929.
November, 1909.
$2,300,000 bought by Lee, Higginson & Co.

Ten banks and bankers participated through Lee, Higginson & Co. in the underwriting and sale of these bonds, as follows:
Estabrook & Co., Boston, Mass.
James A. Hutchinson, Boston, Mass.
Chicago Savings Bank & Trust Co., Chicago, Ill.
Illinois Trust & Savings Bank, Chicago, Ill.
A. G. Edwards & Co., St. Louis, Mo.
And five others in other cities.

JONES & LAUGHLIN STEEL CO.

First mortgage 5 per cent gold bonds, due May 1, 1939.
June, 1911.
Lee, Higginson & Co. took a participation of $100,000 underwriting through the First Trust & Savings Bank, Chicago.
Lee, Higginson & Co. sold $100,000 bonds.

KANAWHA & MICHIGAN RAILWAY CO.

Second mortgage 5 per cent bonds, due July 1, 1927.
November, 1909.
$2,500,000 bought by Moffat & White and Lee, Higginson & Co., jointly.
The Illinois Trust & Savings Bank, Chicago, Ill., participated through Lee, Higginson & Co. in the underwriting and sale of these bonds and one other banker in another city.

KANSAS CITY TERMINAL RAILWAY CO.

Four and one-half per cent notes due February 16, 1910 (extended to March 4, 1910).
September, 1909.
Lee, Higginson & Co. bought of the Kansas City Terminal Railway Co. $1,000,000 notes.
Five per cent notes, due February 16, 1910 (extended to March 4, 1910).
November, 1909.
Lee, Higginson & Co. bought of the Kansas City Terminal Railway Co. $1,000,000.
First mortgage 4 per cent bonds, due January 1, 1960.
February, 1910.
$12,500,000 bought by Lee, Higginson & Co., who ceded to J. P. Morgan & Co. and the Illinois Trust & Savings Bank one-third each.
The following bankers participated through Lee, Higginson & Co. in the underwriting and sale of these bonds:
Old Colony Trust Co., Boston, Mass.
And two other bankers in other cities.
First mortgage 4 per cent bonds, due January 1, 1960.
November, 1910.
$7,500,000 bought by Lee, Higginson & Co., who ceded to J. P. Morgan & Co. and the Illinois Trust & Savings Bank one-third each.
Seven bankers in other cities than those specified in the inquiry participated through Lee, Higginson & Co. in the underwriting and sale of these bonds.
Four per cent notes, due December 31, 1912.
June, 1912.
Lee, Higginson & Co. bought $1,000,000 through the Illinois Trust & Savings Bank of Chicago.
J. P. Morgan & Co. participated through Lee, Higginson & Co. in this loan.
Four and one-half per cent notes, due December 31, 1912.
June, 1912.
Lee, Higginson & Co. bought $400,000 notes through the Illinois Trust & Savings Bank.
J. P. Morgan & Co. participated through Lee, Higginson & Co. in this loan.

KANSAS CITY VIADUCT & TERMINAL RAILWAY CO.

Four and one-half per cent bonds, due September 1, 1934.
May, 1907.
Lee, Higginson & Co. took a participation of $9,000 through Fisk & Robinson.

LOUISVILLE & NASHVILLE RAILROAD CO.

Unified mortgage 4 per cent bonds, due July 1, 1940.
April, 1909.
A syndicate composed of Lee, Higginson & Co., Moffat & White, and Kissel, Kinnicutt & Co. bought $2,000,000 bonds through J. P. Morgan & Co.

LOWELL MACHINE SHOP.

Six per cent cumulative preferred shares.
January, 1912.
$1,250,000 bought by Lee, Higginson & Co.

MAHONING & SHENANGO RAILWAY & LIGHT CO.

First consolidated refunding 5 per cent bonds, due January 1, 1916.
December, 1909.
Lee, Higginson & Co. took a participation of $1,500,000 underwriting through Blair & Co.
Lee, Higginson & Co. sold $2,276,000 bonds.
Twenty-one banks and bankers participated through Lee, Higginson & Co. in the underwriting and sale of these bonds, as follows:
H. F. Bachman & Co., Philadelphia, Pa.
Graham & Co., Philadelphia, Pa.
George Willing, jr. & Co., Philadelphia, Pa.
Illinois Trust & Savings Bank, Chicago, Ill.
American Trust & Savings Bank, Chicago, Ill.
National City Bank, Chicago, Ill.
James A. Hutchinson, Boston, Mass.
George C. Scott, Boston, Mass.
And 13 other bankers in other cities.
First consolidated refunding 5 per cent bonds, due January 1, 1916.
January, 1911.
$504,000 bought by Lee, Higginson & Co.
Five bankers participated through Lee, Higginson & Co. in the underwriting and sale of these bonds, as follows:
James A. Hutchinson, Boston, Mass.
F. M. Jeffrey, New York, N. Y.
Graham & Co., Philadelphia, Pa.
And two others in other cities.

MAINE CENTRAL RAILROAD CO.

Four and one-half per cent coupon notes, dated April 1, 1910, and due April 1, 1912.
March, 1910.
$5,000,000 bought by Lee, Higginson & Co.
Eight bankers participated through Lee, Higginson & Co. in the underwriting and sale of these notes, as follows:
Estabrook & Co., Boston, Mass.
R. L. Day & Co., Boston, Mass.
Bond & Goodwin, Boston, Mass.
F. S. Moseley & Co., Boston, Mass.
Curtis & Sanger, Boston, Mass.
James A. Hutchinson, Boston, Mass.
J. P. Morgan & Co., New York, N. Y.
And a banker in another city.
1 year 4 per cent notes, due March 15, 1913.
February, 1912.
Lee, Higginson & Co. bought through J. P. Morgan & Co., $3,700,000 notes.

W. H. M'ELWAIN CO.

Six per cent cumulative first preferred stock.
February, 1911.
$2,200,000 par value bought by Lee, Higginson & Co.

Six bankers participated through Lee, Higginson & Co. in the underwriting and sale of these shares, as follows:
Parkinson & Burr, Boston, Mass.
F. S. Moseley & Co., Boston, Mass.
Millet, Roe & Hagen, Boston, Mass.
Hornblower & Weeks, Boston, Mass.
And two other bankers in other cities.

METROPOLITAN STREET RAILWAY CO., KANSAS CITY.

First lien refunding mortgage 5 per cent bonds, due May 1, 1913.
February, 1911.
$1,400,000 bought by Lee, Higginson & Co.
The following bankers participated through Lee, Higginson & Co. in the underwriting and sale of these bonds:
J. P. Morgan & Co., New York, N. Y.
Graham & Co., Philadelphia, Pa.

MICHIGAN CENTRAL RAILROAD CO.

Joliet & Northern Indiana Division first mortgage 4 per cent gold bonds, due July 10, 1957.
April, 1907.
Lee, Higginson & Co. took a participation of $500,000 underwriting through Clark, Dodge & Co. and Moffat & White.
Lee, Higginson & Co. sold $313,000 bonds.

MILWAUKEE, SPARTA & NORTHWESTERN RAILWAY CO.

First mortgage 4 per cent bonds, due March 1, 1947.
February, 1912.
Lee, Higginson & Co. took a participation of $100,000 underwriting through Kuhn, Loeb & Co.

MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILWAY CO.

Consolidated mortgage 4 per cent bonds, due July 1, 1938.
November, 1908.
Lee, Higginson & Co. took a participation of $50,000 underwriting through Clark, Dodge & Co.
Lee, Higginson & Co. sold $25,000 bonds.

MISSOURI, KANSAS & TEXAS RAILWAY CO.

General mortgage 4½ per cent bonds, due 1936.
January, 1906.
Lee, Higginson & Co. took a participation of $100,000 underwriting through Speyer & Co.

MISSOURI PACIFIC RAILWAY CO.

Convertible 5 per cent bonds, due September 1, 1959.
November, 1909.
Lee, Higginson & Co. took a participation of $100,000 underwriting through Kuhn, Loeb & Co.

NATIONAL TUBE CO.

First mortgage 5 per cent bonds, due May 1, 1952.
April, 1912.
Lee, Higginson & Co. and Kissel, Kinnicutt & Co., jointly, took a participation of $3,000,000 underwriting through J. P. Morgan & Co., First National Bank, New York, and the National City Bank, New York.
Lee, Higginson & Co. sold $1,363,500 bonds.
Clark, Dodge & Co. participated through Lee, Higginson & Co. in the underwriting and sale of these bonds.

NEW ENGLAND TELEPHONE & TELEGRAPH CO.

Five per cent bonds, due October 1, 1932.
October, 1912.
Lee, Higginson & Co. took a participation of $250,000 underwriting through Kidder, Peabody & Co.
Lee, Higginson & Co. sold $1,183,000 bonds.

NEW YORK CENTRAL & HUDSON RIVER RAILROAD CO.

Four per cent debenture bonds, due May, 1934.
June, 1908.
Lee, Higginson & Co. took a participation of $1,000,000 underwriting through J. P. Morgan & Co.
Lee, Higginson & Co. sold $1,465,000 bonds.
Thirteen banks and bankers participated through Lee, Higginson & Co. in the underwriting and sale of these bonds, as follows:
Lewisohn Bros., New York, N. Y.
National Copper Bank, New York, N. Y.
A. G. Edwards & Sons, St. Louis, Mo.
First Trust & Savings Bank, Chicago, Ill.
And nine other banks and bankers in other cities.
Boston & Albany equipment trust 4½ per cent bonds, dated October 1, 1912, due October 1, 1913–1927, inclusive.
October, 1912.
$5,220,000 bonds bought by Kissel, Kinnicut & Co. and Lee, Higginson & Co., jointly.

NEW YORK, CHICAGO & ST. LOUIS RAILROAD CO.

Debenture 4 per cent bonds, due May, 1931.
July, 1908.
$1,549,000 bonds bought by a syndicate composed of—
Lee, Higginson & Co., Boston, Mass.
Moffat & White, New York, N. Y.
Clark, Dodge & Co., New York, N. Y.
Henry & West, Philadelphia, Pa.
Montgomery, Clothier & Tyler, Philadelphia, Pa.
Debenture 4 per cent bonds, due May 1, 1931.
January, 1909.
$3,942,000 bonds bought by a syndicate as follows:
Lee, Higginson & Co., Boston, Mass.
Moffat & White, New York, N. Y.
Clark, Dodge & Co., New York, N. Y.
N. W. Harris & Co., New York, N. Y.
The following participated through Lee, Higginson & Co. in the underwriting and sale of these bonds:
Illinois Trust & Savings Bank, Ill., and one foreign banker.

NEW YORK, NEW HAVEN & HARTFORD RAILROAD CO.

Harlem & Port Chester Division 4 per cent bonds, due May 1, 1954.
March, 1906.
$1,000,000 bonds bought by Lee, Higginson & Co. and Mackay & Co. jointly.
Five per cent coupon notes, due December 31, 1908.
January, 1907.
Lee, Higginson & Co. took a participation of $95,000 underwriting through Hornblower & Weeks.
Lee, Higginson & Co. sold $25,000 notes.
Five per cent coupon notes, due January 9, 1910, January 9, 1912.
January, 1907.
Lee, Higginson & Co., Hornblower & Weeks (Boston), and the First National Bank of Boston bought of the New York, New Haven & Hartford Railroad Co., $7,000,000 notes.
Harlem River & Port Chester first 4's, 1954.
Pawtuxet Valley first 4's, 1925.
Boston & New York Air Line first 4's, 1955.
New Haven & Northampton 4's, 1956.

New York, New Haven & Hartford Railroad Co. 3-year 4½ per cent notes.
May, 1908.
Lee, Higginson & Co. took a participation of $750,000 in the syndicate concerned with the above securities through Kidder, Peabody & Co.
Four and one-half per cent notes, due February 1, 1912.
January, 1911.
Lee, Higginson & Co. bought of the New York, New Haven & Hartford Railroad Co., with J. P. Morgan & Co., $10,000,000 notes.
F. S. Moseley & Co. and Bond & Goodwin participated through Lee, Higginson & Co. in the underwriting and sale of these notes.
Four and one-half per cent notes, due March 1, 1912.
January, 1911.
Lee, Higginson & Co. took a participation of $500,000, underwriting through F. S. Moseley & Co.
One-year 4 per cent notes, due January 15, 1913.
January, 1912.
Lee, Higginson & Co. bought $10,000,000 notes through J. P. Morgan & Co.
One-year 5 per cent notes, due December 1, 1913.
November, 1912.
Lee, Higginson & Co., bought through J. P. Morgan & Co., $7,500,000 notes.

NEW YORK TANNING EXTRACT CO.

Six per cent gold bonds, due January 1, 1927.
June, 1911.
$1,500,000 bought by Lee, Higginson & Co.

NEW YORK TELEPHONE CO.

First and general mortgage 4½ per cent bonds, due November 1, 1939.
March, 1910.
Lee, Higginson & Co. took a participation of $100,000 underwriting through Kidder, Peabody & Co.
Lee, Higginson & Co. sold $167,000 bonds.

NEW YORK, WESTCHESTER & BOSTON RAILWAY CO.

First mortgage 4½ per cent bonds, due July 1, 1946.
July, 1911.
Lee, Higginson & Co. took a participation of $1,000,000 underwriting through Kissel, Kinnicutt & Co. and Harris, Forbes & Co.
Lee, Higginson & Co. sold $500,000 bonds.

NIPE BAY CO.

Six per cent first mortgage convertible notes, due June 1, 1909.
June, 1906.
$2,750,000 bought by Lee, Higginson & Co.
Eighteen banks and bankers participated through Lee, Higginson & Co. in the underwriting and sale of these bonds, as follows:
Hornblower & Weeks, Boston, Mass.
F. S. Moseley & Co., Boston, Mass.
First National Bank, Boston, Mass.
City Trust Co., Boston, Mass.
Mercantile Trust Co., Boston, Mass.
Old Colony Trust Co., Boston, Mass.
Parkinson & Burr, Boston, Mass.
Edgerly & Crocker, Boston, Mass.
And 10 other banks and bankers in other cities.
First mortgage 6 per cent notes, due June 1, 1914.
January, 1909.
Lee, Higginson & Co. bought of the Nipe Bay Co. $3,500,000 notes.
Debenture 6 per cent bonds, due June 1, 1917.
May, 1911.
$920,000 bought by Lee, Higginson & Co.

NORCROSS BROS. CO.

Six per cent collateral trust bonds, due October 1, 1918.
August, 1908.
Lee, Higginson & Co. bought of Norcross Bros. Co. $400,000 bonds.

NORFOLK & WESTERN RAILWAY CO.

Car-trust certificates, series D, E, and F.
January, 1906.
Lee, Higginson & Co. took a participation of $100,000 underwriting through Brown Bros. & Co., Philadelphia.
Five per cent secured notes, due May 1, 1910.
April, 1908.
Lee, Higginson & Co. took a participation of $400,000 underwriting through the Guaranty Trust Co., of New York.
Divisional first lien and general mortgage 4 per cent bonds, due July, 1, 1944.
January, 1909.
Lee, Higginson & Co. took a participation of $100,000 underwriting through the Guaranty Trust Co., of New York.

OREGON-WASHINGTON RAILROAD AND NAVIGATION CO.

First and refunding mortgage 4 per cent bonds, due January, 1961.
May, 1911.
Lee, Higginson & Co. took a participation of $200,000 through Kuhn, Loeb & Co. and Baring Brothers & Co. (Ltd.)

PACIFIC TELEPHONE & TELEGRAPH CO.

First mortgage and collateral trust 5 per cent bonds, due January 2, 1937.
March, 1909.
Lee, Higginson & Co. took a participation of $100,000 underwriting through Kidder, Peabody & Co.
Lee, Higginson & Co. sold $257,000 bonds.
First mortgage collateral trust 5 per cent bonds, due January 2, 1937.
March, 1910.
Lee, Higginson & Co. took a participation of $100,000 underwriting through Bond & Goodwin.
Two-year 5 per cent notes, due January 5, 1913.
January, 1911.
Lee, Higginson & Co. took a participation of $250,000 underwriting through Bond & Goodwin.
Lee, Higginson & Co. sold $350,000 notes.

PENNSYLVANIA CO.

Four per cent bonds, due April 1, 1931.
January, 1906.
Lee, Higginson & Co. took a participation of $150,000 underwriting through Kuhn, Loeb & Co.
Lee, Higginson & Co. sold $69,000 bonds.

PORTLAND RAILWAY, LIGHT & POWER CO.

First and refunding 5 per cent bonds, due February 1, 1942.
February, 1912.
$16,000,000 bonds bought by Lee, Higginson & Co. and Drexel & Co., for themselves and E. W. Clark & Co., of Philadelphia, and J. & W. Seligman & Co., of New York.
Forty-three banks and bankers participated, through Lee, Higginson & Co., in the sale and underwriting of these bonds, as follows:

Redmond & Co., New York, N. Y.
Estabrook & Co., Boston, Mass.
Blodget & Co., Boston, Mass.
Parkinson & Burr, Boston, Mass.
Bond & Goodwin, Boston, Mass.

Forty-three banks and bankers participated, through Lee, Higginson & Co. in the sale and underwriting of these bonds, as follows—Continued.

Merrill, Oldham & Co., Boston, Mass.
James A. Hutchinson, Boston, Mass.
Edmunds Bros., Boston, Mass.
Clark, Dodge & Co., New York, N. Y.
Dick Bros. & Co., New York, N. Y.
Kean, Taylor & Co., New York, N. Y.
Thompson, Singleton & Co., New York, N. Y.
Van Antwerp, Bishop & Co., New York, N. Y.
Equitable Trust Co., New York, N. Y.
Walker Bros., New York, N. Y.
Mills, Chapman & Co., Chicago, Ill.
Ames, Emerich & Co., Chicago, Ill.
National City Bank, Chicago, Ill.
Chicago Savings Bank & Trust Co., Chicago, Ill.
State Bank of Chicago, Chicago, Ill.
People's Trust & Savings Bank, Chicago, Ill.
Hayden, Miller & Co., Cleveland, Ohio.
Field, Longstreth & Co., Chicago, Ill.
Union Savings Bank & Trust Co., Chicago, Ill.
D. Arthur Bowman & Co., St. Louis, Mo.
Edwin White & Co., Chicago, Ill.
Security Trust Co., Chicago, Ill.
Fidelity Trust Co., Chicago, Ill.
Strandberg, McGreevy & Co., Chicago, Ill.
And 14 other banks and bankers in other cities.

PORTLAND & OGDENSBURG RAILROAD CO.

First mortgage 4½ per cent bonds, due November 1, 1928.
April, 1908.
Lee, Higginson & Co. bought $2,119,000 bonds.
Six bankers participated through Lee, Higginson & Co. in the underwriting and sale of the bonds, as follows:

Blodgett, Merritt & Co., Boston, Mass.
R. L. Day & Co., Boston, Mass.
Estabrook & Co., Boston, Mass.
Kidder, Peabody & Co., Boston, Mass.
Merrill, Oldham & Co., Boston, Mass.
Parkinson & Burr, Boston, Mass.

REED-PRENTICE CO.

Seven per cent preferred stock and common stock.
April, 1912.
Lee, Higginson & Co. bought of the Reed-Prentice Co. 12,500 shares of preferred, 2,246 shares of common.

RICHMOND-WASHINGTON CO.

Guaranteed collateral trust mortgage 4 per cent bonds, due June 1, 1943.
April, 1907.
$1,000,000 bonds bought by Lee, Higginson & Co.
The following bankers participated through Lee, Higginson & Co. in the underwriting and sale of these bonds:

Henry & West, Philadelphia, Pa.
Redmond & Co., New York, N. Y.
And two foreign bankers.

Guaranteed collateral trust mortgage 4 per cent bonds, due June 1, 1943.
November, 1912, $500,000 bought by Lee, Higginson & Co.
Graham & Co., Philadelphia, participated through Lee, Higginson & Co. in the underwriting and sale of these bonds.

ST. LOUIS & SAN FRANCISCO RAILROAD CO.

First and refunding 4's, due July 1, 1951.
August, 1908

Lee, Higginson & Co. took a participation of $100,000 underwriting, through Redmond & Co.
Two-year 5 per cent notes, due 1913.
May, 1911.
Lee, Higginson & Co. took a participation of $100,000 underwriting through F. S. Moseley & Co.

SOUTHERN PACIFIC CO.

Convertible 4 per cent gold bonds, due June 1, 1929.
February, 1909.
Lee, Higginson & Co. took a participation of $150,000 underwriting through Kuhn, Loeb & Co.

SOUTHERN RAILWAY CO.

Equipment trust 4½ per cent bonds, series L, due each six months, August 1, 1908, to August, 1921.
December, 1905.
Lee, Higginson & Co. took a participation of $1,000,000 underwriting through Drexel & Co.
Lee, Higginson & Co. sold $211,000 bonds.
Six per cent convertible gold notes, due May 1, 1911.
May, 1908.
Lee, Higginson & Co. took a participation of $500,000 underwriting through J. P. Morgan & Co.
Development and general mortgage 4 per cent bonds, series A, due April 1, 1956.
February, 1909.
Lee, Higginson & Co. took a participation of $500,000 underwriting through J. P. Morgan & Co.

TERMINAL RAILROAD ASSOCIATION OF ST. LOUIS.

General mortgage refunding 4 per cent bonds, due January 1, 1953.
May, 1908.
Lee, Higginson & Co. took a participation of $500,000 through Moffatt & White.

TERRE HAUTE, INDIANAPOLIS & EASTERN TRACTION CO.

First refunding 5 per cent bonds, due April 1, 1945.
April, 1910, to May, 1911.
$6,500,000 bonds bought by a syndicate composed of Lee, Higginson & Co., Estabrook & Co., and Drexel & Co.

THE TEXAS CO.

Common stock.
May, 1910.
Lee, Higginson & Co. subscribed for $40,000 par value of the stock.

UNION BAG & PAPER CO.

First mortgage 5 per cent bonds, due July 1, 1930.
April, 1909.
$800,000 bonds were bought by Lee, Higginson & Co. and the National City Bank, jointly.
A foreign banker participated in the underwriting taken by Lee, Higginson & Co.
First mortgage 5 per cent bonds, due July 1, 1930.
March, 1912.
$750,000 bonds bought by the National City Bank of New York and Lee, Higginson & Co.
Twenty-one banks and bankers participated, through Lee, Higginson & Co., in the underwriting and sale of these bonds, as follows:
Blodget & Co., Boston, Mass.
A. B. Leach & Co., Boston, Mass.
George C. Scott, Boston, Mass.

Twenty-one banks and bankers participated, through Lee, Higginson & Co., in the underwriting and sale of these bonds, as follows—Continued.
Hornblower & Weeks, New York, N. Y.
Stevens, Chapman & Co., Chicago, Ill.
Guardian Savings Bank & Trust Co., Chicago, Ill.
Chicago Savings Bank & Trust Co., Chicago, Ill.
William R. Compton Co., Chicago, Ill.
Hornblower & Weeks, Chicago, Ill.
Ames, Emerich & Co., Chicago, Ill.
And 11 others in other cities.

UNION STEEL CO.

First mortgage and collateral trust 5 per cent bonds, due December 1, 1952.
March, 1909.
Lee, Higginson & Co. took a participation of $50,000 underwriting through the Guaranty Trust Co., of New York.
Lee, Higginson & Co. sold $1,000 bond.

UNITED FRUIT CO.

Debenture 4½ per cent bonds, due July 1, 1923.
November, 1908.
$4,250,000 bonds bought of the company by Lee, Higginson & Co.
Twenty-six banks and bankers participated, through Lee, Higginson & Co., in the underwriting and sale of these bonds, as follows:
Blodget, Merritt & Co., Boston, Mass.
Brown Bros. & Co., Boston, Mass.
Clark, Dodge & Co., New York, N. Y.
Curtis & Sanger, Boston, Mass.
Edgerley & Crocker, Boston, Mass.
Estabrook & Co., Boston, Mass.
Guaranty Trust Co. of New York, New York, N. Y.
Henry & West, Philadelphia, Pa.
Hornblower & Weeks, Boston, Mass.
Jackson & Curtis, Boston, Mass.
Kidder, Peabody & Co., Boston, Mass.
Moffat & White, New York, N. Y.
J. P. Morgan & Co., New York, N. Y.
F. S. Moseley & Co., Boston, Mass.
National City Bank, New York, N. Y.
Parkinson & Burr, Boston, Mass.
Perry, Coffin & Burr, Boston, Mass.
Townsend, Anthony & Tyson, Boston, Mass.
Illinois Trust & Savings Bank, Chicago, Ill.
American Trust & Savings Bank, Chicago, Ill.
Chicago Savings Bank & Trust Co., Chicago, Ill.
And five others in other places.
Four and one-half per cent sinking fund bonds, due July 1, 1925.
December, 1910.
$1,500,000 bonds bought by Lee, Higginson & Co.
The following bankers participated, through Lee, Higginson & Co., in the underwriting and sale of these bonds:
Edgerly & Crocker, Boston, Mass.
Estabrook & Co., Boston, Mass.
F. S. Moseley & Co., Boston, Mass.
Parkinson & Burr, Boston, Mass.
And one foreign banker.
Four and one-half per cent sinking fund bonds, due July 1, 1925.
June, 1911.
$2,500,000 bought by Lee, Higginson & Co.
Thirteen banks and bankers participated through Lee, Higginson & Co., in the underwriting and sale of the bonds, as follows:
Illinois Trust & Savings Bank, Chicago, Ill.
Graham & Co., Philadelphia Pa.
Clarke, Dodge & Co., New York, N. Y.
Old Colony Trust Co., Boston, Mass.

Thirteen banks and bankers participated through Lee, Higginson & Co., in the underwriting and sale of these bonds, as follows—Continued.

Parkinson & Burr, Boston, Mass.
Estabrook & Co., Boston, Mass.
F. S. Moseley & Co., Boston, Mass.
Edgerly & Crocker, Boston, Mass.
And five others in other places.

UNITED STATES SMELTING, REFINING & MINING CO.

Common and preferred shares (par $50).
October, 1906.
Fifty thousand and sixty-eight shares of preferred and fifty thousand and sixty-eight shares of common stock, underwritten by Lee, Higginson & Co.
The following bankers participated, through Lee, Higginson & Co., in this underwriting:

Hayden, Stone & Co., Boston, Mass.
Francis Henshaw & Co., Boston, Mass.
Hornblower & Weeks, Boston, Mass.
Jackson & Curtis, Boston, Mass.
Kidder, Peabody & Co., Boston, Mass.
Mackay & Co., Boston, Mass.
F. S. Moseley & Co., Boston, Mass.
Parkinson & Burr, Boston, Mass.
Strong, Sturgis & Co., New York, N. Y.
Tucker, Hayes & Co., Boston, Mass.
L. Vogelstein & Co., New York, N. Y.
And five foreign bankers.

Three-year 5 per cent notes, due August 1, 1914.
August, 1911.
$4,000,000 notes bought by Lee, Higginson & Co.
Seventeen banks and bankers participated, through Lee, Higginson & Co., in the underwriting and sale of these notes, as follows:

Hayden, Stone & Co., Boston, Mass.
Hornblower & Weeks, Boston, Mass.
Parkinson & Burr, Boston, Mass.
Estabrook & Co., Boston, Mass.
Jackson & Curtis, Boston, Mass.
F. S. Moseley & Co., Boston, Mass.
First National Bank of Boston, Boston, Mass.
Curtis & Sanger, Boston, Mass.
Dick Bros., New York, N. Y.
Hanover National Bank, New York, N. Y.
Guaranty Trust Co., New York, N. Y.
Illinois Trust & Savings Bank, Chicago, Ill.
First Trust & Savings Bank, Chicago, Ill.
St. Louis Union Trust Co., St. Louis, Mo.
Union Savings Bank & Trust Co., Chicago, Ill.
And two others in other cities.

VIRGINIAN RAILWAY CO.

First mortgage 5 per cent bonds, due May 1, 1962.
March, 1912.
$25,000,000 bonds bought by Kissel, Kinnicutt & Co. and Lee, Higginson & Co.
Eighty-four banks and bankers participated in the underwriting and sale of these bonds, as follows:

National City Bank, New York, N. Y.
Blake Bros. & Co., Boston, Mass.
Blodget & Co., Boston, Mass.
Curtis & Sanger, Boston, Mass.
Estabrook & Co., Boston, Mass.
Hunt, Saltonstall & Co., Boston, Mass.
Jackson & Curtis, Boston, Mass.
Adams & Co., Boston, Mass.
Old Colony Trust Co., Boston, Mass.

Eighty-four banks and bankers participated in the underwriting and sale of these bonds, as follows—Continued.

Bankers' Trust Co., New York, N. Y.
Chase National Bank, New York, N. Y.
Coggeshall & Hicks, New York, N. Y.
James B. Colgate & Co., New York, N. Y.
Craig & Jenks, New York, N. Y.
Dick Bros. & Co., New York, N. Y.
Dominick & Dominick, New York, N. Y.
Federal Utilities Co., New York, N. Y.
Guaranty Trust Co., New York, N. Y.
N. W. Halsey & Co., New York, N. Y.
Hornblower & Weeks, New York, N. Y.
Josepthal, Louchelm & Co., New York, N. Y.
Markol, Morgan & Whitney, New York, N. Y.
McCurdy, Henderson & Co., New York, N. Y.
Millett, Roe & Hagen, New York, N. Y.
Pyne, Kendall & Hollister, New York, N. Y.
J. & W. Seligman & Co., New York, N. Y.
F. S. Smithers & Co., New York, N. Y.
Thompson, Towle & Co., New York, N. Y.
Van Antwerp, Bishop & Co., New York, N. Y.
White & Co., New York, N. Y.
H. N. Whitney & Co., New York, N. Y.
Cassatt & Co., Philadelphia, Pa.
E. W. Clark & Co., Philadelphia, Pa.
Dick Bros., Philadelphia, Pa.
Drexel & Co., Philadelphia, Pa.
William R. Compton Co., St. Louis, Mo.
Francis Bros. & Co., St. Louis, Mo.
King, Farnum & Co., Chicago, Ill.
St. Louis Union Trust Co., St. Louis, Mo.
G. H. Walker & Co., St. Louis, Mo.
D. Arthur Bowman & Co., St. Louis, Mo.
Babcock, Rushton & Co., Chicago, Ill.
Chapman, Mills & Co., Chicago, Ill.
Continental & Commercial Trust & Savings Bank, Chicago, Ill.
A. G. Edwards & Sons, St. Louis, Mo.
Guardian Savings & Trust Co., Cleveland, Ohio.
Hayden, Miller & Co., Cleveland, Ohio.
Hornblower & Weeks, Chicago, Ill.
Northern Trust Co., Chicago, Ill.
Union Trust Co., Chicago, Ill.
And 34 other banks and bankers in other cities.

WABASH RAILROAD CO.

Buffalo Terminal Association.
First-mortgage coupon notes 6 per cent, due June 29, 1907.
June, 1906.
Lee, Higginson & Co. bought of the Wabash Railroad Co. $835,000 notes.
Equipment trust 4½ per cent bonds, "Series C", dated July 1, 1906, due July 1, 1907, to July 1, 1916, inclusive.
June, 1906.
$6,180,000 bonds bought by Lee, Higginson & Co.
Twenty-one banks and bankers participated through Lee, Higginson & Co. in the underwriting and sale of these bonds, as follows:

Brown Bros. & Co., Boston, Mass.
Clark, Dodge & Co., New York, N. Y.
Curtis & Sanger, Boston, Mass.
Drexel & Co., Philadelphia, Pa.
A. G. Edwards & Sons, St. Louis, Mo.
N. W. Halsey & Co., New York, N. Y.
Henry & West, Philadelphia, Pa.
Hornblower & Weeks, Boston, Mass.
Jackson & Curtis, Boston, Mass.
S. D. Loring & Son, Boston, Mass.

Twenyt-one banks and bankers participated through Lee, Higginson & Co., in the underwriting and sale of these bonds, as follows—Continued.
Merchants Loan & Trust Co., Chicago, Ill.
Parkinson & Burr, Boston, Mass.
Redmond & Co., New York, N. Y.
J. & W. Seligman & Co., New York, N. Y.
And seven other banks and bankers in other cities.
One-year collateral trust gold notes, due June 29, 1909.
June, 1908.
$350,000 notes bought by Lee, Higginson & Co.

WESTERN ELECTRIC CO.

Collateral trust 4½ per cent notes, due January 1, 1912.
December, 1909.
$5,000,000 notes bought by Lee, Higginson & Co.
First-mortgage 5 per cent bonds, due December 31, 1922.
January, 1910.
$8,750,000 bonds bought by Lee, Higginson & Co.
Thirty banks and bankers participated, through Lee, Higginson & Co., in the underwriting and sale of these bonds, as follows:
Bond & Goodwin, Boston, Mass.
Brown Bros. & Co., Boston, Mass.
Estabrook & Co., Boston, Mass.
Curtis & Sanger, Boston Mass.
James A. Hutchinson, Boston, Mass.
Kidder, Peabody & Co., Boston, Mass.
F. S. Moseley & Co., Boston, Mass.
Parkinson & Burr, Boston, Mass.
Graham & Co., Philadelphia, Pa.
Manhattan Trust Co., New York, N. Y.
A. G. Edwards & Sons, St. Louis, Mo.
First Trust & Savings Bank, Chicago, Ill.
Illinois Trust & Savings Bank, Chicago, Ill.
Merchants Loan & Trust Co., Chicago, Ill.
National City Bank, Chicago, Ill.
And fifteen others in other cities.
First-mortgage 5 per cent bonds, due December 31, 1922.
November, 1910.
$6,250,000 bonds bought by Lee, Higginson & Co.
Twenty banks and bankers participated, through Lee, Higginson & Co., in the underwriting and sale of these bonds, as follows:
Parkinson & Burr, Boston, Mass.
Estabrook & Co., Boston, Mass.
F. S. Moseley & Co., Boston, Mass.
Curtis & Sanger, Boston, Mass.
Brown Bros., Boston, Mass.
Bond & Goodwin, Boston, Mass.
James A. Hutchinson, Boston, Mass.
J. P. Morgan & Co., New York, N. Y.
Graham & Co., Philadelphia, Pa.
Manhattan Trust Co., New York, N. Y.
Bank of Montreal (agency), New York, N. Y.
Illinois Trust & Savings Bank, Chicago, Ill.
First Trust & Savings Bank, Chicago, Ill.
Merchants Loan & Trust Co., Chicago, Ill.
And six others in other places.

WESTERN PACIFIC CO.

First mortgage 5 per cent bonds, due September 1, 1933.
April, 1905, to May, 1909.
Lee, Higginson & Co. took a participation of $300,000 underwriting through Blair & Co., William Salomon & Co., and William A. Read & Co.

WESTERN TELEPHONE & TELEGRAPH CO.

Five per cent notes, due December 15, 1911.
January, 1911.
Lee, Higginson & Co. took a participation of $200,000 underwriting through F. S. Moseley & Co.

EXHIBIT No. 217, JANUARY 22, 1913.

ROPES, GRAY & GORHAM,
Boston, January 3, 1913.

SAMUEL UNTERMYER, Esq.,
37 Wall Street, New York City, N. Y.

MY DEAR MR. UNTERMYER: You asked me for certain participations in underwritings referred to in data which I handed you on Wednesday last. The following are the figures which you desired:

American Agricultural Chemical Co. 20-year first mortgage 5 per cent convertible bonds, dated Oct. 1, 1908:	
September and October, 1908—	
Chase National Bank	$250,000
National City Bank	250,000
J. P. Morgan & Co	250,000
Chicago Savings Bank & Trust Co	45,000
January, 1911—	
J. P. Morgan & Co	150,000
National City Bank	125,000
Chase National Bank	100,000
Northern Trust Co., Chicago	25,000
Continental & Commercial National Bank, Chicago	25,000
First Trust & Savings Bank, Chicago	25,000
American Agricultural Chemical Co. 6 per cent cumulative preferred stock:	
April, 1912—	
National City Bank	100,000
Kuhn, Loeb & Co	100,000
Cudahy Packing Co. first mortgage 5 per cent bonds, due May 1, 1924:	
April, 1909—	
National City Bank	200,000
J. P. Morgan & Co	100,000
Illinois Trust & Savings Bank	50,000
Illinois Steel Co. debenture 4½ per cent bonds, due Apr. 1, 1940:	
July, 1911—	
St. Louis Union Trust Co., St. Louis	25,000
Illinois Trust & Savings Bank, Chicago	100,000
Chicago Savings Bank & Trust Co., Chicago	25,000
Continental & Commercial Trust & Savings Bank, Chicago	50,000
April, 1912—	
White, Weld & Co., New York	125,000
Kidder, Peabody & Co., Boston	50,000
Continental & Commercial National Bank, Chicago	100,000
Maine Central Railroad Co. 4½ per cent coupon notes, dated Apr. 1, 1910:	
March, 1910—	
J. P. Morgan & Co	2,000,000
Metropolitan Street Railway Co., Kansas City, first lien refunding mortgage 5 per cent bonds:	
February, 1911—	
J. P. Morgan & Co	640,000
Portland Railway, Light & Power Co., first and refunding 5 per cent bonds:	
February, 1912—	
Chicago Savings Bank & Trust Co., Chicago	10,000

Virginian Railway Co. first mortgage 5 per cent bonds, due May 1, 1962:

March, 1912—	
National City Bank	$7,600,000
Bankers Trust Co	150,000
Chase National Bank	150,000
Guaranty Trust Co	150,000
Continental & Commercial Trust & Savings Bank, Chicago	125,000

Wabash Railroad Co. equipment trust 4½ per cent bonds, "Series C," dated July 1, 1906:

June, 1906—	
Drexel & Co., Philadelphia	300,000

Western Electric Co. first mortgage 5 per cent bonds, due Dec. 31, 1922:

January, 1910—	
Illinois Trust & Savings Bank, Chicago	825,000
November, 1910—	
J. P. Morgan & Co	250,000
Illinois Trust & Savings Bank, Chicago	200,000
First Trust & Savings Bank	100,000

Yours, very truly, CLIFT ROGERS CLAPP.

EXHIBIT No. 218, JANUARY 23, 1913.

HENRY L. HIGGINSON.

American Telephone & Telegraph Co.
Boston Herald (Inc.).
Cherry River Coal Mining Co.
Gauley Coal Land Co.
General Electric Co.
Marysville Dredging Co. and one subsidiary company.
National Shawmut Bank, Boston.
New England Exploration Co. and three subsidiary companies.
New England Investment & Securities Co.
Provident Institution for Savings.
Rolfe Coal Mining Co.
Submarine Signal Co.

GARDINER M. LANE.

American Agricultural Chemical Co.
Broadway Realty Co., New York.
Central Colorado Power Co.
Harrison Bros. & Co. (Inc.), Philadelphia.
Interborough Rapid Transit Co., New York.
Louisville & Nashville Railroad Co.
Manchester Electric Co., Manchester, Mass.
Massachusetts Electric Companies.
Merchants Steam Lighter Co.
Montana Power Co.
Old Colony Trust Co., Boston.
Pennsylvania Water & Power Co.
Puget Sound Electric Railway Co.
Puget Sound Traction, Light & Power Co.
Rapid Transit Subway Construction Co., New York.
United States Steel Corporation.

JAMES J. STORROW.

American Writing Paper Co.
Cambridge Trust Co.
Columbia Rope Co.
Dallas Electric Corporation.
Essex Co.
First National Bank.
General Motors Co.
Houston Electric Companies.
Massachusetts Fire & Marine Insurance Co.
New England Casualty Co., Boston.

Nipe Bay Co.
Ponce Electric Co.
Railway & Light Securities Co.
Research Corporation.
Revere Sugar Refinery Co.
Savannah Electric Co.
Seattle Electric Co.
Simmons Sugar (Ltd.).
Tower Oiled Clothing Co.
United Fruit Co.
United States Smelting, Refining & Mining Co. and three subsidiary companies.
William Underwood Co.

GEORGE C. LEE.

Central Aguirre Sugar Companies.
Central Colorado Power Co.
City Investing Co., New York.
Commonwealth Trust Co., Boston.
Fall River Gas Works Co.
Galveston-Houston Electric Co.
Northern Texas Electric Co.
Puget Sound Traction, Light & Power Co.
Security Safe Deposit Co., Boston.
Union Safe Deposit Vaults.

N. PENROSE HALLOWELL.

Bankers' Elec. Protective Association.
Blue Hill National Bank, Milton, Mass.
Houston Electric Co.
National Bank of Commerce, Boston.

FRANCIS L. HIGGINSON, JR.

Commonwealth Trust Co., Boston.

CHARLES H. SCHWEPPE.

(Admitted as a partner Jan. 1, 1913.)

Iroquois Iron Co.
In all, 66 corporations.

EXHIBIT No. 219, JANUARY 23, 1913.

Table showing balances of J. P. Morgan & Co. in different banks on Jan. 2, 1912.

Name of bank.	Deposits of J. P. Morgan & Co.
American Exchange National Bank	$1,228,000
Chemical National Bank	837,000
Chase National Bank	1,055,000
National Bank of Commerce	1,084,000
First National Bank	815,000
National City Bank	935,000
National Park Bank	1,055,000
Guaranty Trust Co	1,101,000
Bankers Trust Co	1,000,000
Mechanics & Metals National Bank	283,000
Liberty National Bank	25,000
Standard Trust Co	100,000
Central Trust Co	100,000
New York Trust Co	100,000
Boston:	
First National Bank	200,000
Second National Bank	225,000
Shawmut National Bank	238,000
Old Colony Trust Co	102,000

EXHIBIT No. 220, JANUARY 23, 1913.

Table showing balances of J. P. Morgan & Co. in different banks on Nov. 1, 1912.

Name of bank.	Deposits of J. P. Morgan & Co.
American Exchange National Bank	$2,110,000
Chemical National Bank	1,383,000
Chase National Bank	1,296,000
National Bank of Commerce	856,000
First National Bank	922 000
National City Bank	794,000
National Park Bank	1,100,000
Guaranty Trust Co	1,000,000
Bankers Trust Co	1,000,000
Mechanics & Metals National Bank	25,000
Liberty National Bank	647,000
Standard Trust Co	100,000
Central Trust Co	100,000
New York Trust Co	100,000
Boston:	
First National Bank	190,000
Second National Bank	140,000
Shawmut National Bank	247,000
Old Colony Trust Co	84,000

EXHIBIT 221, JANUARY 23, 1913.

SOUTHERN RAILWAY CO.—C. H. COSTER AND OTHERS, COMMITTEE, WITH THE VOTING TRUSTEES.—AGREEMENT.—OCTOBER 15, 1894.

This agreement, made in the city of New York this fifteenth day of October, eighteen hundred and ninety-four, by and between C. H. Coster, George Sherman, and Anthony J. Thomas, a committee under a certain plan and agreement for the reorganization of the Richmond and West Point Terminal Railway and Warehouse Company and its "subordinate companies," made the first day of May, eighteen hundred and ninety-three, and subsequently from time to time modified (hereinafter called the Committee), parties of the first part, and J. Pierpont Morgan, Charles Lanier, and George F. Baker (hereinafter called the Voting Trustees), parties of the second part, witnesseth as follows:

Whereas the Committee has delivered to the Voting Trustees certificates for fully-paid shares of one hundred dollars ($100) each of the capital stock of the Southern Railway Company (a corporation of Virginia), as follows: 1,199,000 shares of the common stock, 500,000 shares of the preferred stock.

Which certificates, together with such other similar certificates as hereafter from time to time may be delivered hereunder, are to be held and disposed of by the Voting Trustees under and pursuant to the terms and conditions hereof;

Now, therefore:

First. The Voting Trustees do hereby promise and agree with the Committee, and with each and every holder of certificates issued as hereinafter provided, that from time to time, upon request, they will cause to be issued to the Committee, or upon its order, in respect of all stock received from it, and to the railway company, or upon its order, in respect of all stock received from it, certificates in substantially the following form:

SOUTHERN RAILWAY COMPANY.

Common stock trust certificate.

This is to certify that, as hereinafter provided, ——— will be entitled to receive a certificate or certificates for ——— fully-paid shares of one hundred dollars each in the common capital stock of the Southern Railway Company, and in the meantime to receive payments equal to the dividends, if any, collected by the undersigned Voting Trustees upon a like number of such shares standing in their names; and, until after the actual delivery of such certificates, the Voting Trustees shall possess, and shall be entitled to exercise, all rights of every name and nature, including the right to vote, in respect of any and all such stock; it being expressly stipulated that no voting right passes by or under this certificate, or by or under any agreement expressed or implied. No stock

certificates shall be due or deliverable hereunder before the first day of July, 1899, nor until after the Southern Railway Company, in one year, shall have paid five per cent cash dividends on its preferred stock: but the Voting Trustees, in their discretion, may make earlier delivery.

This certificate is issued under and pursuant to the terms and conditions of a certain agreement dated October 15, 1894, by and between C. H. Coster, George Sherman, and Anthony J. Thomas, as a Committee, and the undersigned Voting Trustees.

This certificate is transferable only on the books of the undersigned Voting Trustees by the registered holder either in person or by attorney duly authorized according to rules established for that purpose by the undersigned Voting Trustees and on surrender hereof; and until so transferred the undersigned Voting Trustees may treat the registered holder as owner hereof for all purposes whatsoever, except that delivery of stock certificates hereunder shall not be made without the surrender hereof.

This certificate is not valid unless duly signed by Drexel, Morgan & Co., as agents, and also registered by the Central Trust Company, of New York, as registrar.

In witness whereof, the undersigned Voting Trustees have caused this certificate to be signed by Drexel, Morgan & Co., their duly-authorized agents, this —— day of ———, 189—.

J. PIERPONT MORGAN,
CHARLES LANIER,
GEORGE F. BAKER,
Voting Trustees.

By their agents hereunder,

——— ———.

Registered this —— day of ———, 189—.

CENTRAL TRUST COMPANY OF NEW YORK, *Registrar.*
By ——— ———.

Entered:

——— ———,
Transfer Clerk.

SOUTHERN RAILWAY COMPANY.

Preferred stock trust certificate.

This is to certify that, as hereinafter provided, ——— ——— will be entitled to receive a certificate or certificates for ——— fully-paid shares of one hundred dollars each in the preferred capital stock of the Southern Railway Company, and in the meantime to receive payments equal to the dividends, if any, collected by the undersigned Voting Trustees upon a like number of such shares standing in their names; and, until after the actual delivery of such certificates, the Voting Trustees shall possess and shall be entitled to exercise all rights of every name and nature, including the right to vote, in respect of any and all such stock, it being expressly stipulated that no voting right passes by or under this certificate, or by or under any agreement expressed or implied.

This certificate is issued under and pursuant to the terms and conditions of a certain agreement dated October 15, 1894, by and between C. H. Coster, George Sherman, and Anthony J. Thomas, as a committee, and the undersigned voting trustees. No stock certificates shall be due or deliverable hereunder before the first day of July, 1899, nor until after the Southern Railway Company, in one year, shall have paid five per cent cash dividends on its preferred stock; but the voting trustees, in their discretion, may make earlier delivery.

This certificate is transferable only on the books of the undersigned voting trustees by the registered holder, either in person or by attorney duly authorized, according to rules established for that purpose by the undersigned voting trustees, and on surrender hereof, and until so transferred, the undersigned voting trustees may treat the registered holder as owner hereof for all purposes whatsoever, except that delivery of stock certificates hereunder shall not be made without the surrender hereof.

This certificate is not valid unless duly signed by Drexel, Morgan & Co., as agents, and also registered by the Central Trust Company of New York as registrar.

In witness whereof the undersigned voting trustees have caused this certificate to be signed by Drexel, Morgan & Co., their duly-authorized agents, this ——— day of ———, 189—.

J. PIERPONT MORGAN,
CHARLES LANIER,
GEORGE F. BAKER,
Voting Trustees.

By their agents hereunder,

——— ———

Registered this ——— day of ———, 189—.

CENTRAL TRUST COMPANY OF NEW YORK, *Registrar.*

By ——— ———

Entered:

——— ———, *Transfer Clerk.*

Second. On the first day of July, 1899, if the Southern Railway Company shall then have paid five per cent cash dividend, in one year, on its preferred stock, and, if not, then so soon as such dividend shall be so paid, or whenever the voting trustees shall decide to make delivery prior to such date, without waiting for such payment of dividend, the voting trustees in exchange for and upon surrender of stock trust certificates then outstanding will, in accordance with the terms hereof, deliver proper certificates of stock of the Southern Railway Company, it being distinctly understood and agreed that at any date the voting trustees may call upon the holders of stock trust certificates to exchange them for certifictes of capital stock, and at any time after such call may deliver stock certificates in exchange therefor; and also that the preferred stock is subject to the exercise at any time by the Southern Railway Company of any charter right to redeem such stock in cash at par.

Third. From time to time hereafter the committee, or the Southern Railway Company, may tender and deliver, and the voting trustees will receive, additional fully-paid shares of the capital stock of the Southern Railway Company, either common or preferred, and in respect of all such shares so received will issue and deliver certificates similar to those above mentioned, entitling the holders to all rights above specified.

Fourth. Any voting trustee may at any time resign by delivering to the other voting trustees, in writing, his resignation, to take effect ten days thereafter; and in every case of death, or resignation, or of the inability of any voting trustee to act, the vacancy so occurring shall be filled by the appointment of a successor or successors to be made by the other voting trustees by a written instrument; and the term "voting trustees" as herein used shall apply to the parties of the second part and their successors hereunder.

Fifth. All questions arising between the voting trustees shall from time to time be determined by a majority, either at a meeting or by writing with or without meeting, and in like manner they may establish their rules of action.

Sixth. In voting the stock held by them the voting trustees will exercise their best judgment from time to time to select suitable directors, to the end that the affairs of the company shall be properly managed, and in voting on other matters which may come before them at any stockholders' meeting will exercise like judgment; but they assume no responsibility in respect to such management or in respect of any action taken pursuant to their votes so cast, it being understood that no voting trustee incurs any responsibility by reason of any matter or thing done or omitted under this agreement, except for his own gross negligence or willful malfeasance.

Seventh. This agreement may be simultaneously executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

Any voting trustee hereunder may vote in person or by proxy to any other voting trustee or to any person not a voting trustee.

In witness whereof, the several parties hereunto have set their hands and seals in the city of New York the day and year first above mentioned.

C. H. COSTER, [SEAL.]
G. SHERMAN, [SEAL.]
ANTHONY J. THOMAS, [SEAL.]
Committee.

J. PIERPONT MORGAN, [SEAL.]
CHARLES LANIER, [SEAL.]
GEO. F. BAKER, [SEAL.]
Voting Trustees.

EXHIBIT No. 222, JANUARY 23, 1913.

This agreement, made in the city of New York this 27th day of August, 1902, by and between ——— ———, party of the first part, and J. Pierpont Morgan, Charles Lanier, and George F. Baker (hereinafter called the "voting trustees"), parties of the second part, witnesseth as follows:

Whereas the party of the first part is the holder of stock-trust certificates in respect of fully paid shares of $100 each of the capital stock of the Southern Railway Company (a corporation of Virginia), issued by the voting trustees under and pursuant to the terms of a certain agreement dated October 15, 1894, by and between the voting trustees, parties thereto of the second part, and C. H. Coster, George Sherman, and Anthony J. Thomas, a committee, parties thereto of the first part; and

Whereas the party of the first part and other holders of such stock-trust certificates desire, and have requested, that in respect of all stock-trust certificates stamped as assenting hereto, the said voting trustees shall continue, for the extended term hereinafter mentioned, to hold the stock represented by such stock-trust certificates, and to vote thereon, and to possess and to exercise all of the rights and powers conferred upon and reserved to the voting trustees under the said former agreement; and

Whereas the voting trustees are willing to accede to the said request and desire of the party of the first part, and of all other holders of such stock-trust certificates, who, by presenting the same to be stamped as hereinafter provided, shall have indicated their like desire: Now, therefore, in consideration of the premises:

First. The party of the first part and all holders of stock-trust certificates issued under the said agreement of October 15, 1894, which shall be stamped as having assented to and accepted the terms of this agreement, hereby do agree and consent that in respect of all stock represented by any stock-trust certificate stamped as assenting hereto, the term of the said agreement of October 15, 1894, and the operation thereof, and the rights and powers of the voting trustees thereunder, shall continue until October 15, 1907, and thereafter until such day as a majority in amount of the holders of such stock-trust certificates stamped as assenting to this agreement shall, by vote on the date of any annual election for directors of the Southern Railway Company, fix as the date for the termination of such agreement and of the rights and powers of the voting trustees thereunder; without prejudice, however, to the continuing right of the voting trustees in their discretion to cause to be made earlier delivery of stock certificates in exchange for stock-trust certificates by them theretofore issued.

Second. Article second of the said agreement of October 15, 1894, is hereby amended so that the first three lines thereof shall read as follows, to wit:

"Second. Upon such date after October 15, 1907, as a majority in amount of the holders of stock-trust certificates assenting to this change, shall have fixed by vote on the date of any annual election for directors of the Southern Railway Company held after October 15, 1907, or whenever the voting trustees shall decide to make delivery," etc.

and as so amended in its second article, the said agreement of October 15, 1894, is hereby renewed, ratified, confirmed, and extended so far as concerns the parties hereto and any and all holders of stock-trust certificates stamped as assenting hereto.

Third. Every stock-trust certificate issued under said agreement, and which shall be stamped as next hereinafter provided as having assented to this extension agreement, shall entitle the holder thereof to all the benefits of this agreement, and shall subject him to all the limitations hereof, to the same extent and in the same manner as though he were a party by name to this agreement and to the said agreement of October 15, 1894, amended, modified, and extended as herein provided.

Such stamping shall be as follows:

"The holder of this stock-trust certificate has assented to and accepted, and hereby assents to and accepts, the provisions of a certain extension agreement dated August 27, 1902; and expressly agrees that until such date after October 15, 1907, as a majority in amount of the holders of assenting stock-trust certificates shall have fixed by vote on the date of any annual election for directors of the Southern Railway Company held after October 15, 1907, no stock certificate shall be due or deliverable hereunder."

Fourth. The voting trustees have accepted the extension of the term of the said voting trust as above provided; and upon the conditions and in the manner

stated in the said agreement of October 15, 1894, they will exercise their best judgment in the continued discharge of the powers conferred upon them by this agreement.

Fifth. This agreement may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to have been an original, and such counterparts shall together constitute but one and the same instrument, and the same shall be binding whenever signed by the party of the first part and any two of the said three voting trustees.

In witness whereof the parties have hereunto set their hands and seals the day and year first above mentioned.

——— ———. [L. S.]
——— ———. [L. S.]
——— ———. [L. S.]
——— ———. [L. S.]

EXHIBIT No. 223. JANUARY 23, 1913.

SOUTHERN RAILWAY CO.

EXTENDED VOTING TRUST CERTIFICATES FOR PREFERRED AND COMMON STOCK.

A—2692

COMMITTEE ON STOCK LIST,
NEW YORK STOCK EXCHANGE,
New York, October 6, 1902.

Referring to the application A–1627, made to your committee November 1, 1894, to list the voting trust certificates for preferred and common stock of the Southern Railway Co., which application was granted by the governing committee of the New York Stock Exchange on November 14, 1894, we beg now to hand you herewith a copy of a circular issued by the voting trustees under the voting trust agreement dated October 15, 1894, offering, for the reasons therein set forth, to extend the said voting trust agreement of October 15, 1894, for such holders of voting trust certificates as shall desire such extension to be made, providing at least a majority of the holders of such voting trust certificates shall assent thereto.

Pursuant to the provisions of said circular, an agreement for the extension of such voting trust has been prepared, copies of which are herewith submitted. Pursuant to this agreement, holders of more than a majority of voting trust certificates for each class of stock have assented to said extension, and have either caused their stock trust certificates to be stamped as in said agreement provided, or have signed said extension agreement.

The Agreement for the proposed extension of the voting trust provides:

"First. The party of the first part and all holders of stock trust certificates issued under the said agreement of October 15, 1894, which shall be stamped as having assented to and accepted the terms of this agreement, hereby do agree and consent that in respect of all stock represented by any stock trust certificate stamped as assenting hereto, the term of the said agreement of October 15, 1894, and the operation thereof, and the rights and powers of the voting trustees thereunder, shall continue until October 15, 1907, and thereafter until such day as a majority in amount of the holders of such stock trust certificates stamped as assenting to this agreement, shall, by vote on the date of any annual election for directors of the Southern Railway Co., fix as the date for the termination of such argeement and of the rights and powers of the voting trustees thereunder; without prejudice, however, to the continuing right of the voting trustees in their dicretion to cause to be made earlier delivery of stock certificates in exchange for stock trust certificates by them theretofore issued.

"Second. Article second of the said agreement of October 15, 1894, is hereby amended so that the first three lines thereof shall read as follows, to wit:

"'Second. Upon such date after October 15, 1907, as a majority in amount of the holders of stock trust certificates assenting to this change, shall have fixed by vote on the date of any annual election for directors of the Southern Railway Co. held after October 15, 1907, or whenever the voting trustees shall decide to make delivery,' etc.,

"and as so amended in its second article, the said agreement of October 15, 1894, is hereby renewed, ratified, confirmed, and extended so far as concerns

the parties hereto and any and all holders of stock-trust certificates stamped as assenting hereto.

"Third. Every stock-trust certificate issued under said agreement, and which shall be stamped as next hereinafter provided as having assented to this extension agreement, shall entitle the holder thereof to all the benefits of this agreement, and shall subject him to all the limitations hereof, to the same extent and in the same manner as though he were a party by name to this agreement and to the said agreement of October 15, 1894, amended, modified, and extended as herein provided.

"Such stamping shall be as follows:

"'The holder of this stock-trust certificate has assented to and accepted, and hereby assents to and accepts, the provisions of a certain extension agreement dated August 27, 1902; and expressly agrees that until such date after October 15, 1907, as a majority in amount of the holders of assenting stock-trust certificates shall have fixed by vote on the date of any annual election for directors of the Southern Railway Co. held after October 15, 1907, no stock certificate shall be due or deliverable hereunder.'

"Fourth. The voting trustees have accepted the extension of the term of the said voting trust as above provided, and upon the conditions and in the manner stated in the said agreement of October 15, 1894, they will exercise their best judgment in the continued discharge of the powers conferred upon them by this agreement.

"Fifth. This agreement may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to have been an original, and such counterparts shall together constitute but one and the same instrument, and the same shall be binding whenever signed by the party of the first part and any two of the said three voting trustees."

At this date there have been stamped as "assenting" to the above stated agreement certificates representing 395,887 preferred shares and certificates representing 311,935 common shares. In addition thereto we have assurance that upon quotation being granted, certificates representing something over 125,000 shares preferred and common will be presented for stamping in Amsterdam. In addition to the above stamped "assents" "certificate holders of record," representing 47,267 shares of preferred and 510,201 shares of common stock, have become parties to the proposed extension by signing the above agreement. We have therefore to make application to your committee for a quotation for such voting-trust certificates now listed on the New York Stock Exchange, which have been stamped as assenting to an extension of the voting trust, as provided in the voting trustees' circular above mentioned, and that additional amounts of assented certificates may be added to the list from time to time as official notice shall be received that they have been stamped in accordance with the agreement.

It is proper that we should call the attention of your committee to the fact that while, so far as we are aware, there is no dissent on the part of any trust-certificate holder from the proposed extension, many holders are deterred from having their certificates stamped or otherwise assenting to the extension for fear that by so doing their certificates will be debarred from quotation on the New York Stock Exchange. We would therefore respectfully urge upon your committee the disirability of prompt action upon this application.

We are, yours, very respectfully,

J. PIERPONT MORGAN.
GEORGE F. BAKER,
By J. PIERPONT MORGAN.
CHARLES LANIER.
J. P. MORGAN & Co.,
Agents for Voting Trustees.

OCTOBER 8, 1902

At a meeting held this day, the governing committee directed that the above-described extended voting-trust certificates for preferred and common stock be admitted to the list.

WM. MCCLURE, *Secretary.*

EXHIBIT No. 224, JANUARY 23, 1913.

[J. P. Morgan & Co., Wall St., corner Broad, New York; Drexel & Co., Philadelphia; Morgan, Harjes & Co., Paris.]

NEW YORK, *March 19, 1903.*

WILLIAM H. CRANBERY, Esq.,
Chairman Committee on Stock List,
New York Stock Exchange, New York.

DEAR SIR: For your information we beg to advise you that we have stamped as assenting to the extension of the voting trust of the Southern Railway Co. the following certificates:

	Shares.
Preferred stock	540,095
Common stock	1,074,967
Total	1,615,062

out of a total issue of 1,799,000 shares voting trust certificates, and we beg to advise you that we have issued to date 390 shares of preferred and 50 shares of common stock of the Southern Railway Co.

Yours, truly, J. P. MORGAN & Co.

EXHIBIT No. 225, JANUARY 23, 1913.

Minutes of the committee on stock list show appearance of Mr. Steele in support of the application; action postponed.

Mr. Steele appeared again September 17, 1902; the application was considered; action deferred.

Mr. Steele appeared again September 29, 1902, in the matter of application.

Mr. Steele appeared again October 6, 1902, in the matter of the application. The committee voted to report the application to the governing committee without recommendation.

The chief subjects of delay in the listing of the extended voting trust certificates were (1) the date on which the extended voting trust must terminate, the committee insisting on a fixed date; (2) the form of the new certificate, the committee insisting on a proper engraved form, to both of which Mr. Steele assented.

The extended voting trust certificates were listed by governing committee October 8, 1902. The committee on stock list also reported, without recommendation, application of the Southern Railway Co. voting trust certificates extended for both preferred and common stock.

Mr. Pomroy moved that the application be granted.

Seconded and carried; part of which states that no dissent to the extension existed; at the time of listing 947 (80 per cent) common and 568 (94 per cent) preferred had assented to the extension.

"It is proper that we should call the attention of your committee to the fact that while so far as we are aware there is no dissent on the part of any trust-certificate holder from the proposed extension, many holders are deterred from having their certificates stamped or otherwise assenting to the extension for fear that by so doing their certificates will be debarred from quotation on the New York Stock Exchange. We would therefore respectfully urge upon your committee the desirability of prompt action upon this application."

At a meeting held this day, the governing committee directed that the above-described extending voting trust certificates for preferred and common stock be admitted to the list.

The original voting trust certificates remained on the list until March 31, 1903. Letter J. P. Morgan & Co., March 19, 1903, states assenting to extension preferred 540,095 shares (out of 600,000 shares), common 1,074,967 shares (out of 1,199,000 shares).

The extended voting trust certificates for preferred and common stock are still on the list (June 5, 1912).

No application to list stock has been made.

MONEY TRUST INVESTIGATION

INVESTIGATION

OF

FINANCIAL AND MONETARY CONDITIONS IN THE UNITED STATES

UNDER

HOUSE RESOLUTIONS NOS. 429 AND 504

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY

PART 26

WASHINGTON
GOVERNMENT PRINTING OFFICE
1913

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY.

HOUSE OF REPRESENTATIVES.

ARSÈNE P. PUJO, Louisiana, *Chairman.*

WILLIAM G. BROWN, West Virginia.	GEORGE A. NEELEY, Kansas.
ROBERT L. DOUGHTON, North Carolina.	HENRY McMORRAN, Michigan.
HUBERT D. STEPHENS, Mississippi.	EVERIS A. HAYES, California.
JAMES A. DAUGHERTY, Missouri.	FRANK E. GUERNSEY, Maine.
JAMES F. BYRNES, South Carolina.	WILLIAM H. HEALD, Delaware.

R. W. FONTENOT, *Clerk.*
A. M. MCDERMOTT, *Assistant Clerk.*

MONEY TRUST INVESTIGATION.

SUBCOMMITTEE OF THE COMMITTEE
ON BANKING AND CURRENCY,
HOUSE OF REPRESENTATIVES,
Washington, D. C., Friday, January 24, 1913.

The subcommittee met at 11 o'clock a. m.

Present: Messrs. Pujo (chairman), Byrnes, Doughton, Stephens, Daugherty, Neeley, McMorran, Guernsey, and Heald.

Present also: Samuel Untermyer, Esq., of New York City, counsel for the committee.

The CHAIRMAN. The committee will be in order and we will resume the taking of testimony.

Mr. UNTERMYER. We will put into the record an explanatory letter from Mr. Schiff concerning his testimony, and two letters from the Comptroller of the Currency in response to the request from the committee for information.

Mr. Schiff's letter is as follows:

KUHN, LOEB & CO.,
WILLIAM AND PINE STREETS,
New York, January 17, 1913.

DEAR MR. UNTERMYER: When I was before your committee yesterday, upon your question, how large an amount of its deposits the National City Bank might have invested in securities, I answered, I thought 10 to 15 per cent. I have looked into this and find that the National City Bank has practically none of its deposits invested in securities, but that these investments are within the amount of its capital and surplus.

Will you be good enough to have my testimony, if practicable, corrected in this respect?

If I had the opportunity, in any proper answer to your questions, I should not have hesitated to state that the multiplication of banks and trust companies has heretofore led to an overextension of credit, to overtrading, and to illegitimate conditions in general, and that the financial panic of 1907 and other financial depressions that have preceded it have largely been brought on by the too great multiplication of banks and trust companies.

I should be glad if this were likewise appended to the testimony I have given before the committee.

With assurances of esteem, believe me,

Yours, faithfully,

JACOB H. SCHIFF.

SAMUEL UNTERMYER, Esq.,
Counsel to Congressional Monetary Investigation Committee,
675 Fifth Avenue, City.

The following is a letter from the Comptroller of the Currency, dated January 15, 1913:

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, January 15, 1913.

SAMUEL UNTERMYER, Esq.,
Care of Banking and Currency Committee,
House of Representatives, Washington, D. C.

SIR: As requested in your letter of January 14, the following information is furnished:

The Merchants' National Bank, of Boston, on November 26, 1912, had capital, $3,000,000, and surplus, $2,000,000. The 19,558 shares of stock of the State National

Bank came into its possession as a result of the consolidation of these two banks. The State National Bank was a national bank, as its name implies, and is now in progress of liquidation through the Merchants' National Bank. The total authorized stock of the State National Bank is 20,000 shares. When the liquidation is completed, the stock will be retired.

The Farmers' Deposit National Bank, of Pittsburgh, Pa., on November 26, 1912, had capital, $6,000,000, and surplus, $2,000,000. The 6,000 shares of the Reliance Life Insurance Co., reported by the examiner on July 16 last, was purchased as an investment. This office has no further information than this in regard to this stock. The 900 shares of Farmers' Deposit Savings Bank stock is also reported as having been purchased for investment. In regard to the savings bank stock the examiner furnishes the following information:

The stock of the savings bank is owned by the national bank, with the exception of the stock of the qualifying directors, who are under agreement to transfer their holdings to the national bank in case of death or resignation. The directors of the national bank are directors of the savings bank.

Respectfully,

LAURENCE O. MURRAY,
Comptroller.

The next is a letter from Mr. T. P. Kane, Deputy and Acting Comptroller, January 21, 1913. It is as follows:

TREASURY DEPARTMENT,
Washington, January 21, 1913.

Mr. SAMUEL UNTERMYER,
New Willard Hotel, Washington, D. C.

SIR: Your telegram of January 20 is received, requesting to be furnished with the list of the stockholders of the Mercantile National Bank of St. Louis, Mo., the examiners' reports on the National Bank of Commerce in St. Louis, and a copy of the comptroller's letter demanding the resignation of Edwards, president of the last-named bank.

A list of the stockholders of the Mercantile National Bank is inclosed as requested. This list shows the controlling interest in the national bank to be owned by the Mercantile Trust Co., and this bank should be added to the list of banks controlled or dominated by State institutions, which was furnished the committee some days ago. As advised at that time, the list furnished was not complete, but was made up from such data as were readily accessible in this office at the time. To have made a complete list of all the national banks controlled by State institutions would have required the examination of the list of shareholders of all the national banks in the country, and could not have been prepared in the time desired. It is not believed, however, that there are many other banks that are not included in the list.

In regard to your request for a copy of the reports of examinations of the National Bank of Commerce, you are advised that the comptroller submitted the matter to the Secretary of the Treasury, who did not consider it advisable or compatible with public interest to authorize him to produce the reports in question. These reports always have been treated as privileged communications, and the Secretary does not feel warranted in breaking a long-established and invariable rule of the comptroller's office in treating them as confidential.

Respectfully,

T. P. KANE,
Deputy and Acting Comptroller.

In connection with the letter from Mr. Schiff we will put in evidence now a list, as of July 23, 1912, of the holdings of the National City Bank. We have not received any list of the holdings of the National Security Co.

The list referred to was marked "Exhibit No. 227, January 24, 1912," and will be found printed in full at the end of this day's proceedings.

FEBRUARY 1, 1913.

Considering the request contained in the letter of Mr. Jacob H. Schiff, of date January 28, 1913, to be permitted to explain a part of the testimony given by him before the committee as set forth in the first paragraph thereof, it is ordered that the said letter be added to the record for that purpose.

The further request to consider the second paragraph of the letter in elucidation of the testimony, is refused, as the committee has now closed its hearings and would not have the opportunity of examining Mr. Schiff upon the new or illustrative matter opened up by his elucidation.

A. P. PUJO, *Chairman.*

KUHN, LOEB & CO.,
WILLIAM AND PINE STREETS,
New York, January 28, 1913.

DEAR MR. UNTERMYER: Thank you very much for the courtesy of your letter of yesterday and for giving me the opportunity to further explain part of the testimony I have given before the committee of which you are the counsel. I have never meant to say, and if the stenographer has so recorded me, he must have misunderstood me, that "in my opinion, any number of individuals should be permitted to combine and by joint action acquire the monopoly of an industry, provided they do not effect this purpose through a holding company." What, as far as I can remember, I did say, and what I meant to say, was, that individual freedom of action should not be curbed or limited by law, and if a single individual deemed it well to acquire the monopoly of an industry he should not be prevented by the law from doing this.

May I be permitted to further add, in elucidation of my testimony, that I make a difference between a holding company organized for the purpose of holding securities and a railroad or industrial corporation. As stated before the committee I am opposed to holding companies, but I would not prevent a railroad or an industrial corporation from acquiring control or ownership of an auxiliary company that is not a competitor.

Trusting that the foregoing can be added to the record, I am, with kind regards,

Very truly, yours,

JACOB H. SCHIFF.

SAMUEL UNTERMYER, Esq.,
57 Wall Street, New York City.

STATEMENT OF MR. HENRY P. DAVISON—Continued.

Mr. UNTERMYER. Have you read over your testimony of yesterday?

Mr. DAVISON. Not with any care; I have glanced through it.

Mr. UNTERMYER. Have you found any part of it in which you desire to make corrections?

Mr. DAVISON. I have not read it with that in view, but I think not.

Mr. UNTERMYER. Did I correctly understand you yesterday to say that the concentration of bank capital had now gone sufficiently far to satisfy what you referred to as the present development of the country?

Mr. DAVISON. I expressed the opinion that consolidation of banking resources in New York had gone sufficiently far to take care of the present business offered to them in New York.

Mr. UNTERMYER. Will you be kind enough to explain in what way the concentration of credit would assist the development of the country?

Mr. DAVISON. In the first place, speaking of concentration, there is in fact less concentration, comparatively, in New York City to-day than there was 10 years ago. The percentage of banking resources in New York City to-day is a little over 18 per cent of the resources of the country——

Mr. UNTERMYER. I do not think you have answered my question.

Mr. DAVISON. I am answering your question—whereas 10 years ago the banking resources were 23 per cent of the bank resources of the country. Now, the question of consolidation is the question of taking care of the business of the country as it is offered in New York. To-day transactions of $1,000,000 or $3,000,000 or $5,000,000 are very frequent. Ten years ago they were very much less frequent. As the business of the country develops, units develop, and larger

institutions are better able to take care of the business offered as the business of the country develops.

Mr. UNTERMYER. Will you be good enough to tell me how many banks there are in New York to-day as compared with the number of banks there were 10 years ago?

Mr. DAVISON. My recollection is that there are to-day five less independent banks than there were 10 years ago.

Mr. UNTERMYER. I want to know the number of banks in New York City—I mean business banks as distinguished from savings banks—as compared with the number 10 years ago.

Mr. DAVISON. I had not finished my answer to the previous question. There are to-day, as I recall, about five less independent individual banks in New York City than there were 10 years ago. There are, however, about 60 more banking offices in New York than there were. I am speaking entirely of corporations. That is, to-day the banks of New York, including branches, are about 60 more than there were 10 years ago.

Mr. UNTERMYER. I do not think you have answered my question at all.

Mr. DAVISON. I beg your pardon. What is the question?

Mr. UNTERMYER. My question calls for an answer as to the number of corporations, State and national banks, and trust companies, as compared with the number that existed 10 years ago.

Mr. DAVISON. I am speaking from recollection. I think there are about 140 corporate banks in New York City to-day.

Mr. UNTERMYER. Do you know that there are only 88 that are either in the clearing house or that do a business through the clearing-house members?

Mr. DAVISON. If I had known that, I would not have made my answer.

Mr. UNTERMYER. But that is the fact, Mr. Davison.

Mr. DAVISON. I do not think it is the fact.

Mr. UNTERMYER. Why do you say that?

Mr. DAVISON. I say it because my information is that way.

Mr. UNTERMYER. Do you recognize that paper [handing witness paper]?

Mr. DAVISON. I do not.

Mr. UNTERMYER. Do you know that that is a statement of the clearing-house banks and those that issue through the clearing house?

Mr. DAVISON. Your question was not as to clearing-house banks and those that issue through the clearing house. You asked me how many independent banks there are in New York City.

Mr. UNTERMYER. We will have the question read.

The stenographer read the question referred to, as follows:

Mr. UNTERMYER. My question calls for an answer as to the number of corporations, State and national banks and trust companies, as compared with the number that existed 10 years ago.

Mr. UNTERMYER. What was the answer?

The stenographer read the answer, as follows:

Mr. DAVISON. I am speaking from recollection. I think there are about 140 corporate banks in New York City to-day.

Mr. UNTERMYER. Now read the next question and answer.

The stenographer read the next question and answer, as follows:

Do you know that there are only 88 that are either in the clearing house or that do a business through the clearing-house members?

Mr. DAVISON. If I had known that I would not have made my answer.

Mr. UNTERMYER. Do you know how many banks there are in the clearing house and that clear through clearing-house banks?

Mr. DAVISON. My recollection is that there are 63 members of the clearing house. How many nonclearing members, so-called, there are, I do not know.

Mr. UNTERMYER. Are there not 25?

Mr. DAVISON. I do not know.

Mr. UNTERMYER. Have you never seen this list that is issued [indicating paper]?

Mr. DAVISON. I never have.

Mr. UNTERMYER. Whilst you were vice president of the First National Bank did not the clearing house issue lists of the clearing house banks and banks that cleared through clearing house banks?

Mr. DAVISON. It did.

Mr. UNTERMYER. Was the list similar to this?

Mr. DAVISON. It was a list of the clearing house banks and the banks that cleared through the clearing house. I never saw a list of that character before, such as you have there; that is to say, in that form.

Mr. UNTERMYER. We will offer this in evidence.

Have you ever seen slips issued by the clearing house of the character of this which I now show you?

Mr. DAVISON. I have.

Mr. UNTERMYER. And have you any doubt that that is one of the slips issued by the clearing house?

Mr. DAVISON. Not the slightest.

Mr. UNTERMYER. Does that contain, or is it supposed to contain, a list of all the clearing house banks and banks that clear through the clearing house, and also those that do not clear through the clearing house?

Mr. DAVISON. I do not think it does, Mr. Untermyer.

Mr. UNTERMYER. What do you understand this list to be?

Mr. DAVISON. I understand it to be a list of the members of the clearing house and those which clear through the clearing house.

Mr. UNTERMYER. And you understand it is confined to them, do you?

Mr. DAVISON. That is my understanding. I have not examined that list. The list I refer to was of that character.

The list referred to was marked "Exhibit No. 228, January 24, 1913."

Mr. UNTERMYER. My question to you, which I do not think is yet answered, was in what way the concentration of credit and the consolidation of banks assisted the development of the country.

Mr. DAVISON. My answer to that would be this. As you know, we are dealing in large units, commercially and industrially, and in every way. To-day it is not at all an uncommon thing for a corporation to want to borrow up to five millions of dollars, if you please, from their bank. If that is a common practice, it is very much more to the advantage of the corporation to be able to take care of their

customer than it is for that customer to find it necessary to shop around and borrow $500,000 here and $500,000 there and $500,000 elsewhere.

Mr. UNTERMYER. But you do not think it is safer, do you, to leave the banks entirely independent of one another, so that if a man has to shop around he will have plenty of places to shop around in?

Mr. DAVISON. I do not think——

Mr. UNTERMYER. Will you not answer my question?

Mr. DAVISON. Will you let me have it again?

Mr. UNTERMYER. Answer not some other question, but my question.

The question was repeated by the stenographer.

Mr. DAVISON. So far as I know, the banks are entirely independent of one another.

Mr. UNTERMYER. All of them?

Mr. DAVISON. All of them.

Mr. UNTERMYER. Every one?

Mr. DAVISON. Every one.

Mr. UNTERMYER. In the city of New York?

Mr. DAVISON. In the city of New York.

Mr. UNTERMYER. Even where one bank owns the controlling stock in another, you think that the controlled bank is independent of the controlling bank, do you?

Mr. DAVISON. I know of no bank which owns the control of stock of another.

Mr. UNTERMYER. Let us take the Chase National Bank.

Mr. DAVISON. Yes.

Mr. UNTERMYER. You do not think that is controlled by the First National Bank or the Security Co., do you?

Mr. DAVISON. No, sir.

Mr. UNTERMYER. And it never was?

Mr. DAVISON. It never was.

Mr. UNTERMYER. All that the Security Co. had was about 60 per cent of its stock, was it not?

Mr. DAVISON. It had a majority of the stock, as I recall it.

Mr. UNTERMYER. The ownership by one bank of the majority of the stock of another bank you do not think makes the bank that owns the stock the controlling bank of the other, do you?

Mr. DAVISON. You are speaking, are you not, of the banks of New York and their conduct?

Mr. UNTERMYER. I am speaking of the banks of New York, and you say that you know of no banks that are controlled by other banks?

Mr. DAVISON. Are you speaking of control as to stock or control as to conduct?

Mr. UNTERMYER. If you have a control of stock in a company, do you regard yourself as controlling that company?

Mr. DAVISON. Not necessarily.

Mr. UNTERMYER. Not even if you have 99 per cent of it?

Mr. DAVISON. I want you to define the word "control."

Mr. UNTERMYER. I am trying to get you to define it. Would you regard yourself as controlling a corporation of which you owned 99 per cent of the stock?

Mr. DAVISON. I would regard myself as able to control the election of the board of directors of the corporation.

Mr. UNTERMYER. But you do not think that that ability to control the election of the board of directors year by year would constitute a control by you of the corporation?

Mr. DAVISON. It would depend entirely upon the character of the corporation whether it controlled it.

Mr. UNTERMYER. That is the sense, is it, in which you say that you do not know of any bank in New York that is controlled by another bank.

Mr. DAVISON. I make the statement that I know of no bank in New York the conduct of which is controlled by any other bank.

Mr. UNTERMYER. Even though one bank may own the controlling stock in the other; that would not make any difference?

Mr. DAVISON. It would not make any difference, in my judgment, in the control of the conduct of the bank.

Mr. UNTERMYER. Even, for instance, if you owned, or J. P. Morgan & Co. owned, the majority of the stock in all the national banks in New York City, you would not regard J. P. Morgan & Co. as controlling those banks, would you?

Mr. DAVISON. As to the conduct of their business?

Mr. UNTERMYER. Yes.

Mr. DAVISON. If they did, they would not have much business—the bank would not.

Mr. UNTERMYER. That is no answer to the question. Have you tried it?

Mr. DAVISON. It is a necessary answer to the question.

Mr. UNTERMYER. Have you tried it?

Mr. DAVISON. No; we are too wise to try it.

Mr. UNTERMYER. You are too wise. Even if you owned the bank, you would be too wise to try to control it?

Mr. DAVISON. We could not control it.

Mr. UNTERMYER. Would you try it?

Mr. DAVISON. Certainly not.

Mr. UNTERMYER. And that is the sense, is it, in which you make the statement that there is no power in New York that controls the banks of New York? Is that what you mean by it? You mean that there is no central power that controls the banks?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Other banks than those?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Yes?

Mr. DAVISON. I say, there is none so far as I know.

Mr. UNTERMYER. And that is because it is your understanding that even though you might control the majority of the stock of the bank, you would not control the management?

Mr. DAVISON. In practice.

Mr. UNTERMEYR. That is what you mean?

Mr. DAVISON. That is what I mean.

Mr. UNTERMYER. And even if the same directors sat on the boards of all the banks of New York, we will say, by way of illustration, you do not think that that would involve their controlling those banks?

Mr. DAVISON. I think it positively would involve their controlling those banks.

Mr. UNTERMYER. But if the same set of directors sat on the boards of two banks, that you would regard as controlling the banks?

Mr. DAVISON. Including the officers; exactly.

Mr. UNTERMYER. Yes.

Mr. DAVISON. Yes, sir.

Mr. UNTERMYER. Have you said all that you wanted to say on that subject?

Mr. DAVISON. I think I have.

Mr. UNTERMYER. Then in point of fact you would see no objection, would you, to J. P. Morgan & Co. owning the controlling stock of all the banks of New York, from the point of view of the control of the management of the banks? You do not think it would affect it, do you? That is, it would not affect the management?

Mr. DAVISON. I do not think it would affect the conduct of the banks.

Mr. UNTERMYER. Nor their independence?

Mr. DAVISON. Nor their independence in management.

Mr. UNTERMYER. Even if J. P. Morgan & Co. should, by virtue of their holding the control of the stock of all these banks, elect and designate the directors of each of those banks, year by year, in your judgment that would not affect the management of those banks?

Mr. DAVISON. Well, Mr. Untermyer, you are going a little far in your assumption.

Mr. UNTERMYER. I am trying to see where your statements will lead.

Mr. DAVISON. My statements are leading right where they finish.

Mr. UNTERMYER. All right. Let us take up this subject of interlocking directorates. Do I correctly understand that you think that if the law were to prevent what is known as interlocking directorates, that is the identity of certain directors in certain banks, that would put the progress of the country back 25 years?

Mr. DAVISON. No; not necessarily. That was not my statement.

Mr. UNTERMYER. You do not want to see interlocking directorates prevented, do you?

Mr. DAVISON. No; I think it would be unfortunate to have them prevented.

Mr. UNTERMYER. You did not say it would put back the development of the country, did you?

Mr. DAVISON. If you will take your question, which was a very broad, comprehensive one, and read my answer, you will see that my answer was that it would set the country back 25 years to have it adopted. But that is not the question you are asking now.

Mr. UNTERMYER. You do not think the prevention of interlocking directorates would set the business of the country back?

Mr. DAVISON. I do.

Mr. UNTERMYER. Why?

Mr. DAVISON. Because I think there are advantages in interlocking directorates.

Mr. UNTERMYER. That does not answer the question. If you will tell us what you mean by advantages and what they are, we shall understand.

Mr. DAVISON. Yes.

Mr. UNTERMYER. Why the prevention of interlocking directorates in potentially competing banks would interfere with the development of this country.

Mr. DAVISON. I should say it would be unfortunate. I do not think it would be a serious misfortune, but I should regard it as rather unfortunate to pass a law that a man could not sit upon the boards of two banks which are competing banks. I think that as it has been developed in New York the interlocking directors there have served a real purpose. I think they have served a beneficial purpose. I think they benefit the banks upon whose boards they sit.

Mr. UNTERMYER. You continue to generalize, and what we want, what the committee requires in determining on recommendations for legislation, is to know, first, how the development of the country is going to be interfered with in any way by preventing interlocking directorates in potentially competing banking institutions. Will you not be good enough to specify some injury that you believe would be accomplished or brought about through the preventing of interlocking directorates?

Mr. DAVISON. I believe that the banks throughout the country in the centers are better served by the present practice than they would be if there was a law precluding and preventing there being a man sitting upon two financial boards by reason of the advantage to the institution which that man gives.

Mr. UNTERMYER. You are still not giving us a reason. I want to know where the advantage lies?

Mr. DAVISON. I say the advantage lies in the benefit of their experience and the benefit of the advice which is given to those institutions by the men who sit upon two boards.

Mr. UNTERMYER. Do you think the man who sits upon two boards or three boards or six boards of potentially competing banks is necessarily wider in experience than a man who may be sitting on only one board and has had other extensive experience and had other experience in other directions?

Mr. DAVISON. I am referring to his financial experience.

Mr. UNTERMYER. Does financial experience consist entirely in sitting on the board of a bank?

Mr. DAVISON. Not at all.

Mr. UNTERMYER. Then can you conceive that a man who may sit on only one board may have far greater financial experience than a man who sits on half a dozen boards?

Mr. DAVISON. I can conceive of it; but that is a far drawn case. That is not probable.

Mr. UNTERMYER. Let us see. What advantage has that man who sits on a number of boards of potentially competing banks, except that he knows what is going on in other banks?

Mr. DAVISON. That man by reason of his connection must have a broader financial experience than a man connected with only one institution.

Mr. UNTERMYER. You mean you would get a better class of men by allowing the same men to sit on various boards of potentially competing institutions?

Mr. DAVISON. Not necessarily better men, but men better able to serve the purpose for which they are selected.

Mr. UNTERMYER. Do you not think it would be far better to reduce the number of directors in these banks, so that you will get experienced men in all of them, without having them interlocking?

Mr. DAVISON. I think it would be far better to decrease the number of men on the boards of some of the banks. I think the boards are too large.

Mr. UNTERMYER. If you should decrease the boards of these banks, that would permit these men to go around among all these banks without interlocking?

Mr. DAVISON. I do not think the banks of New York would be conducted if there were not interlocking directors. I do not make that point, but I do say that, in my judgment, the financial institutions of the city of New York to-day are benefited by reason of the relationships between them.

Mr. UNTERMYER. Then, carrying that argument still further, you would have no limit to the interlocking directorate?

Mr. DAVISON. I beg your pardon. I most decidedly would.

Mr. UNTERMYER. Where would you draw the line?

Mr. DAVISON. I should draw the line at the point where the boards were dominated—two boards were dominated—by the same factors.

Mr. UNTERMYER. Has that always been your point of view? You say you would not allow the domination, in any one board of a bank, of men who are in another bank. You would not allow them to be in a majority. Is that what you mean?

Mr. DAVISON. What I mean is if there were two boards that were dominated by exactly the same interests I should say those institutions should be merged in practical working.

Mr. UNTERMYER. The Chase Bank and the First National Bank are potentially competing institutions, are they not?

Mr. DAVISON. Yes; I should say so.

Mr. UNTERMYER. I mean if they were both free, each with its separate management and its separate ownership, they would be naturally competitors?

Mr. DAVISON. To a degree. Their business is very different in character.

Mr. UNTERMYER. Do you mean that it has been subdivided between them?

Mr. DAVISON. I do not mean anything of the kind.

Mr. UNTERMYER. What do you mean?

Mr. DAVISON. I mean that the Chase National Bank is known as the bank of banks. It has made a specialty of banking accounts throughout the country.

Mr. UNTERMYER. Do you know to what extent the First National Bank is a bank of banks?

Mr. DAVISON. No, but to a very much less extent.

Mr. UNTERMYER. It has 589 banks as depositors.

Mr. DAVISON. How many has the Chase Bank?

Mr. UNTERMYER. Three thousand one hundred and eight.

Mr. DAVISON. Yes.

Mr. UNTERMYER. Yes——

Mr. DAVISON. That answers your question.

Mr. UNTERMYER. Does it? Let us see. If the First National Bank and the Chase were entirely independent, could not the First

National Bank compete with some of the banks that are now depositors in the Chase Bank?

Mr. DAVISON. They could to-day.

Mr. UNTERMYER. But would they be likely to?

Mr. DAVISON. They would be likely to if they desired that kind of business.

Mr. UNTERMYER. The other business of the Chase and the First National is carrying deposits for firms, corporations, and individuals?

Mr. DAVISON. It is.

Mr. UNTERMYER. In the city of New York?

Mr. DAVISON. Yes.

Mr. UNTERMYER. They are potential competitors for that business?

Mr. DAVISON. Yes.

Mr. UNTERMYER. You are aware that out of the nine directors of the Chase Bank five of them are George F. Baker, George F. Baker, jr., A. Barton Hepburn, James J. Hill, and F. L. Hine?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Are you aware of that?

Mr. DAVISON. I am.

Mr. UNTERMYER. That is a majority of the board of the Chase Bank?

Mr. DAVISON. It is.

Mr. UNTERMYER. And they are all directors of the First National Bank?

Mr. DAVISON. I think they are.

Mr. UNTERMYER. And you see no objection to that situation?

Mr. DAVISON. In practice I see no objection to that particular situation, if that is what you are referring to. There is just one point here that I think ought to be brought out. The whole burden of my thought on this subject is that there is a condition in this country which it is necessary to reckon with. If you will direct the attention of this committee to the legislation of a proper, strong, scientific banking system, all this question will disappear.

Mr. UNTERMYER. Will you excuse me?

Mr. DAVISON. This cooperation, this concentration in New York, is not only not a peril or a menace, but it is a benefit, and has protected this general question. That is the answer to the situation in New York in so far as the banking situation is concerned.

Mr. UNTERMYER. We do not want to get into the currency situation. There is another committee dealing with that.

Mr. DAVISON. You are very much in it.

Mr. UNTERMYER. You say the concentration of credit among the great banks in New York is a benefit to the situation, do you?

Mr. DAVISON. I say——

Mr. UNTERMYER. Do you?

Mr. DAVISON. Certainly.

Mr. UNTERMYER. That is an answer to my question. And on the assumption that a benefit can never be too great a benefit, then the further it would go the more benefit it would be?

Mr. DAVISON. That is your supposition; it is not mine.

Mr. UNTERMYER. It would be better to go further?

Mr. DAVISON. Further in what?

Mr. UNTERMYER. In the concentration. Do you think it ought to keep on extending?

Mr. DAVISON. It will keep on extending.
Mr. UNTERMYER. Do you think it will?
Mr. DAVISON. I am not expressing an opinion——
Mr. UNTERMYER. You will please answer my question.
Mr. DAVISON. I decline to answer that question.
Mr. UNTERMYER. Why do you decline to tell us whether in your opinion it should continue to increase, this concentration which you say now is not a menace but is a benefit?
Mr. DAVISON. I did not say that the concentration was not a menace but was a benefit. I say the situation in New York to-day is not a menace, but has been a benefit to this country as a whole.
Mr. UNTERMYER. Do you think the concentration which has gone on in New York to the point to which it has gone is a benefit or a menace?
Mr. DAVISON. I think it is a decided benefit.
Mr. UNTERMYER. Then on that theory you think it ought to continue to increase?
Mr. DAVISON. I think it will continue to increase, unless you get a proper banking system.
Mr. UNTERMYER. Do you think it ought to continue to increase under existing conditions?
Mr. DAVISON. I think it will increase under existing conditions.
Mr. UNTERMYER. And will you help it to increase?
Mr. DAVISON. We will do anything we can in the interest of the country.
Mr. UNTERMYER. Now, Mr. Davison——
Mr. DAVISON. That is an answer to that question.
Mr. UNTERMYER. You believe it to be in the interest of the country?
Mr. DAVISON. To be in the interest of the country.
Mr. UNTERMYER. You believe it would be for the interest of the country to have J. P. Morgan & Co. own all the banks in New York?
Mr. DAVISON. I certainly do not.
Mr. UNTERMYER. Do you think it would be to their interest to further increase the concentration of credit in New York?
Mr. DAVISON. That would depend entirely on circumstances.
Mr. UNTERMYER. Assuming the existing conditions, is it your opinion that it would be to the benefit of the country to further increase existing concentration of money and credit in New York?
Mr. DAVISON. It would make very little difference what I thought about it, because we have not power to do it, whether I did or not.
Mr. UNTERMYER. Will you be good enough to answer the question?
Mr. DAVISON. I can not answer the question, because you are assuming we thought it wise to increase them. We have not the power.
Mr. UNTERMYER. If you thought it wise?
Mr. DAVISON. We have not the power.
Mr. UNTERMYER. You can buy banks.
Mr. DAVISON. That does not increase it.
Mr. UNTERMYER. Did I ask you that?
Mr. DAVISON. It does not increase it.
Mr. UNTERMYER. You have the money and power to buy as many banks as you please.
Mr. DAVISON. That does not increase concentration.

Mr. UNTERMYER. You think if you owned all the banks it would not increase the concentration of credit?

Mr. DAVISON. Not a dollar.

Mr. UNTERMYER. Not a dollar?

Mr. DAVISON. Not a dollar. It would increase the consolidation, but not the concentration.

Mr. UNTERMYER. You draw a distinction between concentration and consolidation?

Mr. DAVISON. Most decidedly.

Mr. UNTERMYER. If all the resources of the banks of New York were concentrated in the hands and ownership of J. P. Morgan & Co., and Mr. Baker and Mr. Stillman and their associates, you do not think that it would in any way increase the concentration of credit in their hands?

Mr. DAVISON. Do I think it would increase the concentration in their hands? Certainly it would increase the concentration in their hands, but it would not increase the resources of the city of New York.

Mr. UNTERMYER. I have not asked you whether it would increase the resources of the city of New York; but it would put the resources in their hands?

Mr. DAVISON. It would, if the resources were in their hands.

Mr. UNTERMYER. Would you not call that concentration of credit in their hands, if they through the ownership of banks secured into their hands the resources of those banks?

Mr. DAVISON. Are you talking of concentration in New York, or are you talking of concentration in the hands of a few individuals?

Mr. UNTERMYER. I am talking about my question. Will you read it?

The stenographer repeated the question as follows:

Mr. UNTERMYER. Would you not call that concentration of credit in their hands, if they through the ownership of banks secured in their hands the resources of those banks?

Mr. DAVISON. I think I object to that question. I do not understand that question.

Mr. UNTERMYER. Very well; you have heard it read?

Mr. DAVISON. I have heard it read.

Mr. UNTERMYER. And you have pondered it?

Mr. DAVISON. Yes, I have.

Mr. UNTERMYER. You have pondered it and you do not understand it?

Mr. DAVISON. I do not understand the question.

Mr. UNTERMYER. What is the Northern Finance Co.—the Northern Finance Corporation, I think it is called?

Mr. DAVISON. I do not know.

Mr. UNTERMYER. Have you ever heard of it?

Mr. DAVISON. Yes.

Mr. UNTERMYER. In what connection have you heard of it?

Mr. DAVISON. I know the name, and I know the president. I know nothing about it.

Mr. UNTERMYER. Who is the president?

Mr. DAVISON. I think Mr. Ledyard; Lewis Cass Ledyard.

Mr. UNTERMYER. You do not know for what it was formed or what securities it holds?

Mr. DAVISON. I know nothing about it whatever.

Mr. UNTERMYER. And have no relation to it?

Mr. DAVISON. None whatsoever.

Mr. UNTERMYER. I want to come back for a moment to this question of interlocking directorates, because I am not quite sure as to your point of view on that subject. I understand you to say that you approve this and think it is beneficial?

Mr. DAVISON. I approve it?

Mr. UNTERMYER. Yes.

Mr. DAVISON. Yes. I see no objection to interlocking directors to a degree.

Mr. UNTERMYER. I understand you to say that up to the point at which the same men would have a majority of each of the boards of these financial institutions you would see no objection?

Mr. DAVISON. That is rather a difficult question to answer. I would want to know each particular case before I would express an opinion on that. That is to say, I can conceive of a situation where it would be beneficial to two institutions to have interlocking directors.

Mr. UNTERMYER. But in passing laws you understand they have to be general, do you not?

Mr. DAVISON. Yes; that is very true, of course.

Mr. UNTERMYER. Having that in mind, where would you place the limits of interlocking directors?

Mr. DAVISON. I am afraid I would place the limit by not passing a law on that subject. I have a great deal of confidence in American men.

Mr. UNTERMYER. That is a very pretty speech, and we have had a number of speeches, and it sounds very well.

Mr. DAVISON. Yes. You referred yesterday to all these English customs. Do you know that the banks of England——

Mr. UNTERMYER. Do not let us argue.

Mr. DAVISON. I beg your pardon, but this is an important point and you are asking me a question.

Mr. UNTERMYER. Let us go on.

Mr. DAVISON. But you are asking me a question which I want to answer.

Mr. UNTERMYER. On your theory of your belief in American men, would you have any laws, criminal or otherwise, on the books?

Mr. DAVISON. Yes; but less rather than more. Now, you refer to the English bank system, and the banks of England are governed entirely by the English corporations act. There is not a law governing reserves or interlocking directors or anything of the kind. The Bank of England is a private institution. A bank note in England is secured by gold in the vaults of that bank, which is a private institution and subject to no examination on the part of the Government.

Mr. UNTERMYER. Do you know how many shareholders there are in the Bank of England?

Mr. DAVISON. No; I do not. I know the system of voting.

Mr. UNTERMYER. We will take up this subject that you have opened up as to the Bank of England.

Mr. DAVISON. I will be very glad to go into it.

Mr. UNTERMYER. You know that there are upward of 30,000 shareholders?

Mr. DAVISON. I know it is a large list.

Mr. UNTERMYER. Do you know what the average holding per shareholder is?

Mr. DAVISON. I do not know.

Mr. UNTERMYER. I will give it to you. Do you know the regulations of the bank with respect to directors?

Mr. DAVISON. I do.

Mr. UNTERMYER. Do you know the regulations with respect to voting powers?

Mr. DAVISON. I do.

Mr. UNTERMYER. What are they?

Mr. DAVISON. I do not know in detail; I know the principle.

Mr. UNTERMYER. Let us hear it. You say you know all about it?

Mr. DAVISON. No; I beg your pardon. You asked me if I knew, and I said I know the principle.

Mr. UNTERMYER. What is the principle?

Mr. DAVISON. That is to say, there is restrictive voting.

Mr. UNTERMYER. To what extent?

Mr. DAVISON. You know. Bring it out.

Mr. UNTERMYER. I want to know from you.

Mr. DAVISON. There is the principle of restrictive voting on the stock. As I recall it, a holder of shares in excess of 200 has but one vote.

Mr. UNTERMYER. Is not this the fact, that a holder of up to 49 shares has one vote—I am speaking from memory—a holder of from 49 to 200 shares, two votes; and if he holds up to 500 shares he has four votes, and for all the shares that he holds over 500 no vote.

Mr. DAVISON. That may be.

Mr. UNTERMYER. That is intended to protect the minority stockholders, is it not?

Mr. DAVISON. I think that is the purpose of it; yes.

Mr. UNTERMYER. That is the purpose it serves, is it not?

Mr. DAVISON. I should say it probably would. That is in the nature of a voting trust itself.

Mr. UNTERMYER. You think that is in the nature of a voting trust, to give the minority representation on the board?

Mr. DAVISON. No; it consolidates the voting there.

Mr. UNTERMYER. I want you to explain how it consolidates the voting to limit the voting of large holders.

Mr. DAVISON. It minimizes, it reduces, the number of votes cast.

Mr. UNTERMYER. And where is a voting trust involved in that, as you say?

Mr. DAVISON. It reduces the number of votes cast, so that the number of large holders do not get together. It does, in fact, protect the minority interest, as it is intended to do. I will not argue that with you.

Mr. UNTERMYER. You have just said it was in the nature of a voting trust, have you not? Do you not want to withdraw that?

Mr. DAVISON. No. It seems to me it is.

Mr. UNTERMYER. Assume that there were 31,000 shareholders, and that the large holdings of over 500 shares are not allowed to vote, do you mean to say that that has the effect of a holding trust?

Mr. DAVISON. I mean to say this merely, that it reduces the number of votes. The idea and intention of that law is to protect the minority holder, which I think is a very good idea.

Mr. UNTERMYER. And you think it is one we ought to copy in this country?

Mr. DAVISON. I think——

Mr. UNTERMYER. Do you not?

Mr. DAVISON. You are asking me a question, and I want to answer you.

Mr. UNTERMYER. I want you to answer.

Mr. DAVISON. I am not quite clear on that. I believe that the holder of a share of stock should be represented and should have a proper voice, but I think it is a very serious question as to how that should be enacted.

Mr. UNTERMYER. That is the reason we want your judgment on it. Do you think that the minority holders in banks ought to have any voice?

Mr. DAVISON. Yes, I do; but in practice I think it is a difficult thing to work out.

Mr. UNTERMYER. You believe, then, in representation of minorities in corporations, do you?

Mr. DAVISON. I do.

Mr. UNTERMYER. You know that they have none now?

Mr. DAVISON. In what kind of corporations?

Mr. UNTERMYER. Any kind of corporations.

Mr. DAVISON. They have cumulative voting.

Mr. UNTERMYER. Where?

Mr. DAVISON. I have heard you say it—the Pennsylvania Railroad?

Mr. UNTERMYER. I am speaking of generalities.

Mr. DAVISON. Generally, no.

Mr. UNTERMYER. They have no voice at all?

Mr. DAVISON. No.

Mr. UNTERMYER. And in the banking and financial institutions of the Nation there is no representation for minority holders, is there?

Mr. DAVISON. Not so far as I know.

Mr. UNTERMYER. And that is true in banking institutions in New York State?

Mr. DAVISON. So far as I know.

Mr. UNTERMYER. Fifty-one per cent of the stock controls the entire board?

Mr. DAVISON. Yes.

Mr. UNTERMYER. You think that ought to be changed?

Mr. DAVISON. I think it would be very desirable to have it changed, but I think there is in the way a practical difficulty which this committee will have to consider with great care.

Mr. UNTERMYER. What is the practical difficulty?

Mr. DAVISON. The practical difficulty is that you might find a bank that did a very fine class of business, of very good reputation, and that a portion of its stock might suddenly be purchased by a very undesirable man or set of men, who would require and be entitled to a representation on the board. That very act would not only militate against their own interest, but would be very harmful to the bank itself.

Mr. UNTERMYER. Who is to determine the limits that go to make desirability or undesirability?

Mr. DAVISON. The great public.

Mr. UNTERMYER. What has the great public to do with voting in a bank? We are talking of representation of minority stockholders.

Mr. DAVISON. You do not want a law that is going to break down banking, do you?

Mr. UNTERMYER. You do not seriously put that question to me, do you?

Mr. DAVISON. I think——

The CHAIRMAN. That would be indifferent, because Congress would have to pass the law.

Mr. DAVISON. Yes; I appreciate that.

The CHAIRMAN. Of course, Mr. Untermyer does not want any law of that kind.

Mr. UNTERMYER. Then do you say that there should or should not be minority representation in a bank?

Mr. DAVISON. In my opinion it is very desirable that every stockholder of every corporation should have a voice in the conduct and management——

Mr. UNTERMYER. Is it not just as likely that a so-called undesirable would get a majority of the stock as a minority?

Mr. DAVISON. No; I do not think it is at all as likely.

Mr. UNTERMYER. Why not?

Mr. DAVISON. Well, those things are not done in a minute. I know a case in New York where a man bought an important block of stock. It would have been very unfortunate if he had been given representation on that board——

Mr. UNTERMYER. You do not answer my question. Why is it not just as likely that an undesirable would buy a majority as a minority?

Mr. DAVISON. A man might buy 1,000 shares any day, but to acquire 6,000 or 7,000 would require some time.

Mr. UNTERMYER. It would depend on how much money the undesirable had?

Mr. DAVISON. Not at all.

Mr. UNTERMYER. Is not stock purchasable for money?

Mr. DAVISON. Not always.

Mr. UNTERMYER. That is so of bank stock, is it?

Mr. DAVISON. It is.

Mr. UNTERMYER. You can not buy it for money?

Mr. DAVISON. Not always.

Mr. UNTERMYER. It depends on how much money the bank is making and how much the man is willing to pay?

Mr. DAVISON. Not necessarily.

Mr. UNTERMYER. It does not? I suppose that depends on character, too?

Mr. DAVISON. That depends on character, too.

Mr. UNTERMYER. Whether a man with money can go out and buy stock of a bank?

Mr. DAVISON. Not necessarily.

Mr. UNTERMYER. It does not depend on whether he has the money to buy it?

Mr. DAVISON. Not necessarily.

Mr. UNTERMYER. You understand what cumulative voting is, do you not?

Mr. DAVISON. I do.

Mr. UNTERMYER. You understand that if there are nine directors to be elected, a man must have one-ninth of the stock to elect one director?

Mr. DAVISON. Yes.

Mr. UNTERMYER. And you have not made up your mind whether that is a proper thing to enact into law or not?

Mr. DAVISON. I am very much in favor of a law in that direction, yes, with the reservation that the situation in regard to financial institutions is, in my mind, quite different from that of industrial corporations and railroads.

Mr. UNTERMYER. What is the reservation you want to make now as to allowing the man with one-ninth of the stock to have one out of nine directors?

Mr. DAVISON. Of a financial institution?

Mr. UNTERMYER. Yes; certainly. He could not outbid the other eight?

Mr. DAVISON. I am not talking about that.

Mr. UNTERMYER. I say, could he outbid the other eight?

Mr. DAVISON. I have thought, sometimes, that on your theory he could, but I never thought he could.

Mr. UNTERMYER. On what theory did you suppose he could outvote the other eight?

Mr. DAVISON. Because you are having one man control ten or fifteen billion dollars, on your theory.

Mr. UNTERMYER. Or 25,000,000,000.

Mr. DAVISON. On that theory. I never supposed so, myself, but on your theory he could.

Mr. UNTERMYER. If one man had the $25,000,000,000 of property he would be entitled to control it, would he not?

Mr. DAVISON. If he owned it.

Mr. UNTERMYER. You say if he owned it, or if other people chose to put it in his charge?

Mr. DAVISON. What is that? If other people chose to put it in his charge for control?

Mr. UNTERMYER. Yes.

Mr. DAVISON. Oh, yes.

Mr. UNTERMYER. Now let us come back to the subject on which I was questioning you.

Mr. DAVISON. But you made a statement that one man could not control a board of nine directors.

Mr. UNTERMYER. Yes.

Mr. DAVISON. I think that is true.

Mr. UNTERMYER. Now, will you not answer my question?

Mr. DAVISON. What is the question?

Mr. UNTERMYER. You say that in a financial institution you would make certain reservations?

Mr. DAVISON. Yes; I say this: The success or failure of a financial institution depends upon public confidence in that institution and in the conduct of the institution.

Mr. UNTERMYER. That is true of all business, is it not?

Mr. DAVISON. Not to any such extent; oh, no.

Mr. UNTERMYER. Is it not true of railroads?

Mr. DAVISON. Do you mean to say that you think it is true?

Mr. UNTERMYER. I am asking you if you think it is true.

Mr. DAVISON. I say it is not?

Mr. UNTERMYER. Then in industrial ventures, and in railroads and other enterprises, character does not count for so much, does it?

Mr. DAVISON. I think you would buy a pair of boots from a concern that was run by a rascal just as quick as you would from a good man, if the boots were all right.

Mr. UNTERMYER. Then you do not think that character counts for so much in those concerns, do you?

Mr. DAVISON. Certainly not.

Mr. UNTERMYER. Will you not go on and answer the question as to whether you would be in favor of cumulative voting in financial institutions?

Mr. DAVISON. I am free to say that I am not quite clear how it should be done. I am clear that it should be done, but I am not clear what form it should take, for the reason that a financial institution might be very much harmed by that voting.

Mr. UNTERMYER. You think it should be hedged in by some provision whereby the bank authority should have the right to say whether the director was satisfactory or not?

Mr. DAVISON. That would be a pretty delicate situation for the comptroller to find himself in.

Mr. UNTERMYER. You would not want J. P. Morgan & Co. to have that to say, would you?

Mr. DAVISON. No, sir.

Mr. UNTERMYER. Where would you like to put that?

Mr. DAVISON. I have not said that I would like to have it. I am not at all clear how that could be worked out, and I think it is a very delicate thing, and I think the committee ought to consider that with great care.

Mr. UNTERMYER. Do you see any objection to the present system by which officers and directors of national banks are permitted to borrow the money of the banks?

Mr. DAVISON. I think in practice it is better that they should not. There is another theory——

Mr. UNTERMYER. Do not give us all the theories. Just answer——

Mr. DAVISON. I am going to give you two.

Mr. UNTERMYER. No.

Mr. DAVISON. It is necessary to give you two to answer one.

Mr. UNTERMYER. You have answered the question.

Mr. DAVISON. No, I have not answered the question. I think, on the whole, it is perhaps better not; but I have known a bank officer who said: "I want every bank officer to borrow his money here, so that I will know what he is doing and what he is borrowing, and I do not want him to borrow outside."

Mr. UNTERMYER. How would his borrowing from the bank of which he is an officer interfere with his borrowing elsewhere?

Mr. DAVISON. It would not interfere with his borrowing elsewhere.

Mr. UNTERMYER. How would that enable them to know any more about his borrowing elsewhere than if he did not borrow from his own bank?

Mr. DAVISON. If he did not have the confidence of the officers he would not be in the bank to borrow.

Mr. UNTERMYER. That is not the point.

Mr. DAVISON. That is the point.

Mr. UNTERMYER. How would the permitting of that bank officer to borrow from his own bank give the bank any more idea what he was borrowing elsewhere than if he did not have the power to borrow from his own bank?

Mr. DAVISON. Our premises are different. I am assuming that he is an honest man, and you are not.

Mr. UNTERMYER. No, you are mistaken about that. I am indulging in no presumptions. We are trying to find out your views on certain questions, for the purpose of recommending certain legislation, and you have told us that there is a view to the effect that it is safer to allow bank officers to borrow from their own banks so as to know what they are borrowing.

Mr. DAVISON. Exactly.

Mr. UNTERMYER. What I am trying to find out is how that permission would enable the bank to know what that officer was borrowing elsewhere.

Mr. DAVISON. It would not, in any sense, enable the bank to know what he was borrowing elsewhere.

Mr. UNTERMYER. Then on the whole I take it you think that the officers and directors ought not to be allowed to borrow from their own banks?

Mr. DAVISON. I thought you were speaking of officers only.

Mr. UNTERMYER. No, I am speaking of officers and directors.

Mr. DAVISON. Oh, not at all. I do not think there is any objection whatever to directors borrowing from their own banks.

Mr. UNTERMYER. You think there is an objection to the officers borrowing?

Mr. DAVISON. I think, on the whole, if there were to be legislation on that subject, I would rather that they should not borrow from their own banks. I think evil practices and bad results have come from that in times gone by.

Mr. UNTERMYER. Have you ever heard of any evil practices or bad results from the directors borrowing from their banks?

Mr. DAVISON. Not to any serious extent. There have been occasions, I think. There always will be occasions.

Mr. UNTERMYER. But you think that should be permitted?

Mr. DAVISON. That directors should be permitted to borrow?

Mr. UNTERMYER. Yes.

Mr. DAVISON. Yes, I do; most decidedly.

Mr. UNTERMYER. You understand, do you not, that if there were 15 directors of a bank, that would permit, without an infraction of law, of their borrowing the whole resources of the bank, provided they did not each borrow over one-tenth of the capital and surplus?

Mr. DAVISON. Yes, I know that; and I know just as clearly that all the laws of the kingdom can not prevent 15 men from looting a bank if they start out to do it.

Mr. UNTERMYER. But do you not think that the law should make it criminal for them to do so?

Mr. DAVISON. I think that the law has made it criminal.

Mr. UNTERMYER. As it stands now, could not the directors borrow all the resources of a bank without violating any law?

Mr. DAVISON. When you are getting down to a nicety of that character, I think it is going too far.

Mr. UNTERMYER. You know that is so, do you not?

Mr. DAVISON. I know that if 15 directors sat around the board and divided up the assets of the bank and kept within the law, that bank would not have any assets; and you do not need any law to govern that.

Mr. UNTERMYER. Do you not think that the law should make that criminal?

Mr. DAVISON. I think that it is made criminal. They are criminals, anyway. They would be caught in some other direction.

Mr. UNTERMEYER. Oh, that is your idea?

Mr. DAVISON. That is my idea.

Mr. UNTERMYER. That there ought not to be any law to make evil practices criminal because they would be caught in some other direction?

Mr. DAVISON. No, I did not say that, and I object to your putting the question in that way.

Mr. UNTERMYER. Is not that a fair inference?

Mr. DAVISON. It is not, in any sense, a fair inference.

Mr. UNTERMYER. Of course you understand I am putting an extreme case for the purpose of having you tell me your view as to whether directors should be permitted to borrow from their banks.

Mr. DAVISON. Yes; and I am saying that I think it is most important that they should be allowed to do so, and it would be very unfortunate for the banks and the country if they were not.

Mr. UNTERMYER. If the directors were not permitted to borrow from their own banks?

Mr. DAVISON. Certainly.

Mr. UNTERMYER. Would you put any limit on the borrowing capacity of a director from his own bank?

Mr. DAVISON. No more than I would on the borrowing capacity of any customer.

Mr. UNTERMYER. You know, do you not, that as matters now stand every corporation that issues stock has got to offer it to its stockholders in proportion to their holdings?

Mr. DAVISON. I suppose there are State laws, differing in different States.

Mr. UNTERMYER. You know that is the general rule and that is the general practice, to offer stock to the stockholders?

Mr. DAVISON. Yes.

Mr. UNTERMYER. You know that that privilege is not offered with respect to bonds?

Mr. DAVISON. I do, unless they be convertible bonds.

Mr. UNTERMYER. Yes; if they are convertible into stock at the option of the stockholder, then they have to be offered to the stockholders?

Mr. DAVISON. Yes.

Mr. UNTERMYER. I am speaking now of stock and bonds not convertible. Why should not the rule be the same, that the bonds should be first offered to the stockholders?

Mr. DAVISON. Why, it would kill the market on the bonds.

Mr. UNTERMYER. It would kill the market?
Mr. DAVISON. Yes.
Mr. UNTERMYER. It does not kill the market on the stock, even if they do not take it?
Mr. DAVISON. Yes; but that is a very different thing.
Mr. UNTERMYER. You think it is?
Mr. DAVISON. A very decidedly different thing.
Mr. UNTERMYER. That is your answer, is it?
Mr. DAVISON. That is my answer; yes, sir.
Mr. UNTERMYER. You know, do you not, that national and State and municipal bonds are sold by competitive bidding?
Mr. DAVISON. Yes; I know that endeavors are made to sell them by competitive bidding.
Mr. UNTERMYER. Morgan & Co. are very substantial bidders for bonds of that kind, are they not?
Mr. DAVISON. At times they are. They have been.
Mr. UNTERMYER. And are those occasions very numerous?
Mr. DAVISON. Yes; I would say that they are.
Mr. UNTERMYER. Would you disapprove of requiring the bonds of great interstate corporations and interstate railroad corporations to be sold by competitive bidding?
Mr. DAVISON. I would; most decidedly.
Mr. UNTERMYER. Your answer is not at all influenced by the fact that it might interfere with your business?
Mr. DAVISON. Oh, not at all. I am entirely unprejudiced.
Mr. UNTERMYER. You are sure you could look at it from a broader point of view than that?
Mr. DAVISON. Yes; I will give you a reason for that.
Mr. UNTERMYER. Yes; state the reason.
Mr. DAVISON. You said municipal bonds. The bonds of the city of New York are always offered to the public for sale. We have seen the price of those bonds going down and the return coming up, as conditions and situations have changed.
Mr. UNTERMYER. That is so as to all bonds?
Mr. DAVISON. That is so as to all bonds. In the fall of 1907 the mayor and the comptroller and the other city officials in New York came into the house of J. P. Morgan & Co. and said they found themselves confronted with a situation where they had to meet maturing bonds, and they had offered their bonds to the public and could not sell them, and they wanted to know what could be done. It was a very strenuous time, as you well know. Mr. Morgan at once arranged for the taking up of those bonds, arranged a syndicate—a small syndicate—and he told the city authorities at that time that if they would offer those bonds to the public he would underwrite the $40,000,000 of bonds. They went out and did offer those bonds to the public, and J. P. Morgan & Co. were bidders for them and the city got its money.
Mr. UNTERMYER. Well, the bonds were taken were they not?
Mr. DAVISON. In part.
Mr. UNTERMYER. How much of them did you take at public bidding?
Mr. DAVISON. I was not in the firm then, but——
Mr. UNTERMYER. Oh, you are speaking from hearsay?
Mr. DAVISON. Oh, not at all.
Mr. UNTERMYER. Were you a party to the transaction?

Mr. DAVISON. I was not.

Mr. UNTERMYER. You do not remember how many bonds J. P. Morgan & Co. secured on that competing bidding?

Mr. DAVISON. It does not make any difference; the fact that the bonds were underwritten satisfied the public. Do not make any mistake about that; those bonds were offered and not taken.

Mr. UNTERMYER. How do you know the public would not take those bonds if they were offered, even in time of panic?

Mr. DAVISON. Because the law precluded their being offered beyond a certain price, and they had been offered and they were not taken.

Mr. UNTERMYER. That is it. They were offered at too high a price for that panic time, were they not?

Mr. DAVISON. They were, and they could not get——

Mr. UNTERMYER. Suppose this law to which I refer provided for the selling of these bonds at competitive bidding, do you not think that you would be likely—your house would be likely—to go and buy bonds that way instead of the way you were buying them, without competition?

Mr. DAVISON. Bearing upon that question, I would like to offer in evidence the letter of Mr. Morgan to the mayor, and a reply addressed to Mr. Morgan——

Mr. UNTERMYER. Oh——

Mr. DAVISON. Bearing very particularly on this subject, and if I may, I will read——

Mr. UNTERMYER. We do not want the record lumbered by improper things, Mr. Davison.

Mr. DAVISON. The record will not be lumbered by improper things if you put this in.

The CHAIRMAN. If it is germane to the questions asked it may be put in; otherwise not.

Mr. UNTERMYER. It is not germane to any question here at all. I do not object to the witness's enconiums on Mr. Morgan, but I do not think they are properly part of the record.

Mr. DAVISON. They are part of the record in so far as it bears upon the public offering of municipal and other forms of Government securities.

Mr. UNTERMYER. If they are germane I have no doubt the committee will let them go in.

The CHAIRMAN. If they are germane to your testimony and the questions you have been asked they may be put in, but otherwise not.

Mr. DAVISON. I think, Mr. Pujo, you will find that they are very germane to that subject.

The CHAIRMAN. The chair has ruled that if this matter is germane it may go in. That has been the general ruling of the committee from the start, but counsel is now reading the record to find the rule in reference to that. We can pass it for the moment, and this may come up later.

Mr. DAVISON. Mr. Chairman, I would like to say it is not regarded by me as important, but it illustrates the point that I wanted to make, the disadvantage at times of offering securities, even by municipalities, and then if you will get down to the question of corporations, I will give you a very much stronger answer as to my objection.

Mr. UNTERMYER. Because of that circumstance would you now recommend that the United States Government, the several States, and the great cities should not sell their bonds by public bidding?

Mr. DAVISON. I most decidedly would not recommend that.

Mr. UNTERMYER. I see. Then does this instance to which you refer bear at all on the question as to whether those municipalities and departments of government should sell their bonds at public bidding?

Mr. DAVISON. No, it does not; but it illustrates the difficulty in which even a municipality can find itself, and nothing but patriotism would have worked out that situation at that time. They had obligations to meet, they were maturing, and they could not get the money from the public. So they had to go to private sources, and nothing but patriotism saved them. In the fall of 1907 nobody wanted to loan the city of New York money.

Mr. UNTERMYER. But I understand you to say that that would not induce you to depart from the present method of selling those bonds?

Mr. DAVISON. It would not, for reasons I will give if you will ask the question.

Mr. UNTERMYER. I think we might be here a week——

Mr. DAVISON. No; but you have not——

Mr. UNTERMYER. Just a moment——

The CHAIRMAN. Let us proceed.

Mr. UNTERMYER. You understand we want to get through, and you want to get through.

Mr. DAVISON. Thank you.

The CHAIRMAN. Suppose we proceed, and then we will get through.

Mr. UNTERMYER. You do not see any objection to private bankers selling bonds—securities—to banks in which they are interested?

Mr. DAVISON. On the general principle?

Mr. UNTERMYER. Yes.

Mr. DAVISON. I do not.

Mr. UNTERMYER. If they were forbidden to sell bonds—securities—to banks in which they were interested and represented on the board, what effect, in your judgment, would that have upon the present methods of doing business?

Mr. DAVISON. Probably it would result in their resigning from the boards.

Mr. UNTERMYER. Then having resigned from the boards, would it not put them in a much more independent position in dealing with those banks in the sale of securities?

Mr. DAVISON. I think they probably would make more money; yes.

Mr. UNTERMYER. You think they would make more money? You think because of the fact that they have representation on the boards they sell the bonds cheaper, do you?

Mr. DAVISON. I think a connection of that kind always militates against the man who is doing the business.

Mr. UNTERMYER. That is to say, the more dependent the bank is on the banker as to the price the bank shall pay for the bonds, the cheaper the bank usually gets them; is that right?

Mr. DAVISON. Well, I think that might work out in practice.

Mr. UNTERMYER. You think that is about right?

Mr. DAVISON. I think in practice——

Mr. UNTERMYER. And the more independent the bank is in dealing with the banker, the higher price it would have to pay for them?

Mr. DAVISON. Not at all.

Mr. UNTERMYER. Well, that is the corollary. Do you not subscribe to that?

Mr. DAVISON. Will you put that question again?

The question was read by the stenographer, as follows:

Mr. UNTERMYER. And the more independent the bank is in dealing with the banker, the higher price it would have to pay for them?

Mr. UNTERMYER. The higher price the banker has to pay for the bonds?

Mr. DAVISON. Not necessarily.

Mr. UNTERMYER. You think it would be just as well able to protect itself independent of the banker?

Mr. DAVISON. I think it is always independent of the banker.

Mr. UNTERMYER. Do you approve of regulations that would require bankers and brokers and intermediaries to make complete disclosure of all intermediate operations and profits in corporate organization?

Mr. DAVISON. I do not quite get that.

Mr. UNTERMYER. What I mean to ask is this: Would you approve of regulations that before a security could be listed on the stock exchange, we will say, the corporation or whoever sought to have it listed should be required to make a full disclosure of all contracts relating to those securities and all the profits in the transaction, so as to show what the company really secured and what was paid in the intermediate operations to banks and brokers? In other words, do you believe in complete publicity?

Mr. DAVISON. I do.

Mr. UNTERMYER. Of all intermediate transactions? You think that would be a wholesome law?

Mr. DAVISON. Decidedly so.

Mr. UNTERMYER. Has the organization of these trusts and combinations in the last 10 years had a good deal to do with concentrating money in New York?

Mr. DAVISON. Oh, I think it has; yes.

Mr. UNTERMYER. Has it not brought the principal offices of these great corporations to New York?

Mr. DAVISON. It has.

Mr. UNTERMYER. And brought large deposits there?

Mr. DAVISON. I think it has been a very important factor to that end.

Mr. UNTERMYER. Has it not, in fact, been the most important factor in concentrating these great funds there?

Mr. DAVISON. It has been one of the important factors. Of course, our banking law is the really important factor.

Mr. UNTERMYER. You mean, the requirement for reserves to be kept in New York?

Mr. DAVISON. Yes; and the fact that New York is the natural money center of the United States, and it is the exchange center of the banks of the country. They practically all carry accounts in New York.

Mr. UNTERMYER. Does your firm give participations in underwritings to officers of banks?

Mr. DAVISON. Not as a rule; very exceptionally.

Mr. UNTERMYER. But you do at times?

Mr. DAVISON. I would not say that we never have, but it is not our practice. I recall no case where we have done that.

Mr. UNTERMYER. You do not think it is right, do you?

Mr. DAVISON. I think it might be done and not be harmful. I think it would be wrong if it were done with the idea of influencing that banker——

Mr. UNTERMYER. Never mind about the idea; we are speaking of the fact.

Mr. DAVISON. Very well.

Mr. UNTERMYER. Do you not think it is unethical and wrong to do so, where you are selling or expect to sell bonds to the bank?

Mr. DAVISON. I think it would be better not.

Mr. UNTERMYER. You think it should be forbidden, do you not?

Mr. DAVISON. Well, I do not think these laws are as necessary as you think they are. I think in practice it is not done.

Mr. UNTERMYER. What is that?

Mr. DAVISON. I do not think it is a custom.

Mr. UNTERMYER. Why do you say that? Do you not know that in practice in New York it is very largely done?

Mr. DAVISON. I do not know that. It is not done with us and I did not suppose it was generally done.

Mr. UNTERMYER. Have you had your attention called to testimony before this committee, to a single transaction, a small one, of only a $5,000,000 syndicate, in which 24 officers of banks were underwriters?

Mr. DAVISON. Yes, sir.

Mr. UNTERMYER. And two national banks were engaged?

Mr. DAVISON. Yes; and it is done more than I realized.

Mr. UNTERMYER. But you do not do it?

Mr. DAVISON. I do not do it, and as a bank officer I never shared in that. I never had an opportunity, so far as I know, and it is not the common practice, so far as I know. If it is the common practice it ought not to be done.

Mr. UNTERMYER. And do you not think it should be forbidden by law?

Mr. DAVISON. If it is a practice, I think it should be forbidden by law.

Mr. UNTERMYER. Is your firm a loaner on the New York Stock Exchange?

Mr. DAVISON. Yes.

Mr. UNTERMYER. At the loan stand?

Mr. DAVISON. I suppose so; yes.

Mr. UNTERMYER. Through whom do you lend your money?

Mr. DAVISON. I do not know.

Mr. UNTERMYER. And who passes on the collateral? Is there some established rule of collateral, or is there some one to pass on it?

Mr. DAVISON. The loan department.

Mr. UNTERMYER. Your loan department?

Mr. DAVISON. Yes.

Mr. UNTERMYER. Your loan clerk checks the securities?

Mr. DAVISON. He does.

Mr. UNTERMYER. Is there an established custom as to the margin of security, the general character of collateral, required on those loans?

Mr. DAVISON. General practice.

Mr. UNTERMYER. You had at that time, we will say, $16,000,000 of your money in cash in bank?

Mr. DAVISON. In the bank, yes; not in cash.

Mr. UNTERMYER. Yes; in bank. What I want to know is how these funds that were on deposit with you were invested?

Mr. DAVISON. I should say that that was entirely a private matter which does not concern this committee in any way.

Mr. UNTERMYER. I think it does, Mr. Davison. I do not want to know the names of the securities. I want to know generally how the money of these interstate corporations was dealt with by your firm.

Mr. DAVISON. Upon an experience of 55 years, which is the length of time which the house has been in business——

Mr. UNTERMYER. So we have heard.

Mr. DAVISON. We handle our deposits in a way that we think is proper and wise and in the interests of ourselves and our clients.

Mr. UNTERMYER. I think the committee is entitled to know, in a general way, without prying into your private business, in what way these funds of the interstate corporations deposited with you are dealt with.

Mr. DAVISON. What do you mean?

Mr. UNTERMYER. Whether they are invested in bonds, whether you buy securities for them, or how they are held.

Mr. DAVISON. Mr. Untermyer, that is a matter that is entirely a private matter. There would be no objection whatever to giving you full information upon it, but we would lose our self-respect if we were to come here and set an example before this country of a private house and private individuals coming here and giving up all their affairs of a private character.

Mr. UNTERMYER. Just a moment; you know perfectly well, do you not, that this question does not call for your private affairs? It calls for particular information as to whether you keep this money of your depositors on hand in convertible securities or demand loans, or whether you deal with it like a bank would deal with it; whether you invest it permanently. The purpose of the inquiry is to enable the committee to ascertain and report as to the advisability of private bankers holding the funds of interstate corporations on deposit; and you understand further, do you not, that J. P. Morgan & Co. are not the only private bank in the country, and that the laws are made generally for all.

Mr. DAVISON. I understand that fully. I do not think there is anybody that appreciates the responsibility of that quite as much as the members of the firm of J. P. Morgan & Co. do. The moneys are invested in such a way that they can meet upon demand the checks drawn upon them by their customers. If you want to know—you have asked if we loan money on the Stock Exchange. We do. Is that convertible or is it not?

Mr. UNTERMYER. Do you loan on the Stock Exchange, and have you outstanding loans on the Stock Exchange?

Mr. DAVISON. We have.

Mr. UNTERMYER. Demand loans, that are at all times sufficient to meet the amount of those deposits?

Mr. DAVISON. That is a question that I think we will not answer, because I do not think it bears upon this inquiry. We invest that

money in a way that makes it immediately available, to our own satisfaction, to meet the demands made upon us. The firm of J. P. Morgan & Co. is a private partnership. The entire resources of all the individuals are liable for all the debts of the firm. The moneys are individual, are represented by capital put in, as are the deposits. Those moneys are invested in a way that is perfectly satisfactory to the members of the firm, and apparently to our clients.

Mr. UNTERMYER. That does not answer the question at all. The committee is dealing with a general situation and not with J. P. Morgan & Co. alone. Let us see whether we can not get an answer to our question, or whether you will decline to answer it. The committee wants to know what proportion of the deposits of J. P. Morgan & Co. from interstate corporations is invested in demand loans.

Mr. DAVISON. Our answer to that is that the deposits of interstate corporations are made with J. P. Morgan & Co., who at that moment become entirely responsible for the payment of those deposits upon time or upon demand, as the case may be. They so conduct their business that the checks when presented are paid, and that is all they have to say to this committee; and it is quite satisfactory, apparently, to the depositors. Of course we invest our money—for your general information I will say this, that we have not only cash on hand, but we have call loans as you know, we have deposits in bank, we have commercial paper, and we have high-class bonds. If that answers your question, that is as much as I will say.

Mr. UNTERMYER. Let us see. I do not think you want to take that attitude. It is not wise and it is not necessary, because the committee does not want to go beyond the necessary points to get the information for legitimate purposes. What we want to know is, Do you invest part of the funds of the deposits in your bank in buying bonds?

Mr. DAVISON. We invest all the funds in one form or another; either cash in bank, in call loans, or securities.

Mr. UNTERMYER. Have you any rule for keeping securities as against these deposits?

Mr. DAVISON. We have a rule satisfactory to ourselves.

Mr. UNTERMYER. What is the rule as to the reserve you keep against those deposits?

Mr. DAVISON. You mean the cash reserve?

Mr. UNTERMYER. Yes.

Mr. DAVISON. We decline to give that information.

Mr. UNTERMYER. Do you keep as much as 10 per cent against it?

Mr. DAVISON. Now, Mr. Untermyer, I object to that question in view of my previous answer. Did I not just say the rule was satisfactory to ourselves, and we will not tell you that. We will not answer that question.

Mr. UNTERMYER. The committee will have to determine whether it will insist upon an answer. What we want to get at, you understand, what the committee wants to find out——

Mr. DAVISON. I have told the committee this: You asked how we invest our funds. I say we invest our funds in cash in banks, call loans on the street, and securities of a character that are satisfactory to us. That is quite satisfactory to me as a reply to your question.

Mr. UNTERMYER. You are a witness before a congressional committee, and what may be satisfactory to you, you understand, may not be satisfactory to the committee. Do you realize that?

Mr. DAVISON. I appreciate that; oh, yes.

Mr. UNTERMYER. What the committee wants to find out is the facts from which it can determine on a report as to the safety or the wisdom of the deposits of interstate corporations being left with banks; not with one firm or any other firm, but with private bankers generally. Do you understand that?

Mr. DAVISON. I do.

Mr. UNTERMYER. Do you know whether there is any rule among private bankers that accept deposits of these corporations with respect to keeping any cash reserve such as is required to be kept by banks?

Mr. DAVISON. I know nothing about the practice of other banking houses.

Mr. UNTERMYER. Have you any rule that corresponds at all to the law with respect to banks as to reserves required to be kept by them?

Mr. DAVISON. The amount of cash kept by us depends entirely upon our own judgment, and our rule is our own.

Mr. UNTERMYER. You do not observe any such rule as prevails among the banks?

Mr. DAVISON. I will give you no further information upon that subject.

Mr. UNTERMYER. Have you any rule with respect to any amount of convertible securities kept on hand, as compared with deposits of interstate corporations kept with you?

Mr. DAVISON. Yes.

Mr. UNTERMYER. You have?

Mr. DAVISON. Yes.

Mr. UNTERMYER. And that rule is what?

Mr. DAVISON. That we shall always be able to pay out deposits immediately on demand.

Mr. UNTERMYER. You mean the entire amount?

Mr. DAVISON. The entire amount.

Mr. UNTERMYER. Then that answers every question, and if you had told us that a while ago we would have finished long ago.

Mr. DAVISON. If you had stopped dealing with percentages, I would have told you.

Mr. UNTERMYER. You have furnished the committee, or your firm has, a statement of transactions which you designate as transactions with interstate corporations, offered publicly.

Mr. DAVISON. Yes.

Mr. UNTERMYER. Is this list limited to those issues that were made by public offering, by advertisement?

Mr. DAVISON. Entirely.

Mr. UNTERMYER. Have you any list of securities that were issued by you and privately disposed of?

Mr. DAVISON. No; I have not.

Mr. UNTERMYER. But you do make a number of such issues?

Mr. DAVISON. Very, very few.

Mr. UNTERMYER. Most of your issues are public?

Mr. DAVISON. Almost all of them.

Mr. UNTERMYER. Do you know anything about the Virginia Railway issue of bonds recently made?

Mr. DAVISON. I know that only in a general way.

Mr. UNTERMYER. Do you know much about the road or where it runs?

Mr. DAVISON. I know more or less about it; nothing in detail. I never had anything to do with it personally.

Mr. UNTERMYER. Is your firm interested in it?

Mr. DAVISON. In the property?

Mr. UNTERMYER. Yes.

Mr. DAVISON. No.

Mr. UNTERMYER. In the issue?

Mr. DAVISON. Yes.

Mr. UNTERMYER. The Virginia Railway runs from Norfolk—from tidewater?

Mr. DAVISON. It runs over into the coal fields.

Mr. UNTERMYER. From tidewater over to the coal fields?

Mr. DAVISON. The New River coal fields.

Mr. UNTERMYER. And it is a competitor of the Norfolk & Western?

Mr. DAVISON. I believe so.

Mr. UNTERMYER. Do you know what other roads it competes with between the coal fields and the seaboard—tidewater?

Mr. DAVISON. I do not. It competes, I think, with the Seaboard, does it not? I am not clear on that.

Mr. UNTERMYER. Do you know of any other road with which it competes? I do not think it does compete with the Seaboard.

Mr. DAVISON. I do not know. I am not at all familiar with it.

Mr. UNTERMYER. It competes with the Chesapeake & Ohio at certain points?

Mr. DAVISON. I should think it would at certain points. I can give you no information on that subject.

Mr. UNTERMYER. And you know nothing about the deal itself?

Mr. DAVISON. I remember that there was a deal, a transaction, as I recall it of $18,000,000 of bonds, and I think we were given a participation in that business.

Mr. UNTERMYER. With Lee, Higginson & Co. or Kidder, Peabody & Co.?

Mr. DAVISON. I did not suppose it was either one of them. My information is——

Mr. UNTERMYER. It was $25,000,000 of bonds, was it not?

Mr. DAVISON. How much?

Mr. UNTERMYER. $25,000,000.

Mr. DAVISON. I do not think it was $25,000,000.

Mr. UNTERMYER. When was it? It was in March, 1912, was it not?

Mr. DAVISON. Yes. I would like to apologize by saying again that I was out of the country at that time.

Mr. UNTERMYER. Then we will take that up with some one else. Do you know how many railroads there are from the anthracite coal fields to tidewater?

Mr. DAVISON. I am not familiar with that situation.

Mr. UNTERMYER. You are not?

Mr. DAVISON. I am not familiar at all with it.

Mr. UNTERMYER. That is all.

Mr. DAVISON. I would like to offer a statement which I would like to read to the committee, as it bears upon this subject, and offer it in evidence.

Mr. UNTERMYER. Let the committee see it.

Mr. Davison here handed the statement to counsel.

The CHAIRMAN. With your statement we were trying to close this morning we will consider these matters, and if your letters are germane to any question asked you on your entire investigation, and your statement is pertinent to the testimony given by you, they will be admitted. It is a privilege which has been accorded to all witnesses and it will be gladly accorded to you. Otherwise it will be excluded. We will not take a general statement ex gratia.

Mr. LINDABURY. We understood that all witnesses were permitted to make a statement at the end of their testimony.

Mr. UNTERMYER. Upon their testimony.

Mr. LINDABURY. This is upon the testimony.

Mr. UNTERMYER. The committee will consider it, and if it is germane it will receive it; and if it is not, it will not.

The CHAIRMAN. The chair has so ruled.

Mr. LINDABURY. But that is after the witness has departed.

The CHAIRMAN. There are other witnesses here, and we will not take a recess to consider this, as we are trying to get through. We will put it in if it is germane.

(Note by the committee: The statement referred to is received as an argument, but not as a part of the evidence.)

TESTIMONY OF JAMES J. HILL.

The witness was sworn by the chairman.

Mr. UNTERMYER. You live in St. Paul?

Mr. HILL. Yes.

Mr. UNTERMYER. Are you now chairman of the board of the Great Northern?

Mr. HILL. No, sir

Mr. UNTERMYER. Who is chairman of the board now?

Mr. HILL. The chairman of the board is my son, L. W. Hill.

Mr. UNTERMYER. Louis W. Hill?

Mr. HILL. Yes.

Mr. UNTERMYER. Are you a director in a number of financial institutions?

Mr. HILL. I am a director in a few banks.

Mr. UNTERMYER. Will you be good enough to designate them; those in New York first?

Mr. HILL. In New York, in the First National and the Chase National.

Mr. UNTERMYER. And also in the Fourth National Bank, are you not?

Mr. HILL. No, sir.

Mr. UNTERMYER. You are not a director of the Fourth National Bank?

Mr. HILL. No, sir.

Mr. UNTERMYER. Are you a director in Chicago financial institutions?

Mr. HILL. I am a director in the First of Chicago.

Mr. UNTERMYER. The First National?

Mr. HILL. Yes.

Mr. UNTERMYER. Are you also in the Illinois Trust & Savings?

Mr. HILL. I think I am. I might say that I have never attended a board meeting of either one of them, because I live too far away from Chicago, and I have asked the officers to relieve me from that directorship, but they have not done so yet.

Mr. UNTERMYER. You are also a director in the First Trust & Savings of Chicago, are you not, which is connected with the First National Bank of Chicago? They have, I believe, identical directors?

Mr. HILL. I am not sure of that, sir. It is a matter that I have asked them to relieve me of, but I have not charged myself with the information.

Mr. UNTERMYER. Are you a director in a number of railroads?

Mr. HILL. I am a director in practically two.

Mr. UNTERMYER. You mean the Great Northern and the Northern Pacific?

Mr. HILL. No; I am not a director of the Northern Pacific.

Mr. UNTERMYER. The Great Northern and the Chicago, Burlington & Quincy?

Mr. HILL. Yes.

Mr. UNTERMYER. Are they competing roads?

Mr. HILL. Which roads?

Mr. UNTERMYER. The Great Northern and the C., B. & Q.?

Mr. HILL. Not in any manner.

Mr. UNTERMYER. But the Great Northern and the Northern Pacific are competing roads?

Mr. HILL. Quite active.

Mr. UNTERMYER. At many points they are competitors?

Mr. HILL. At many points; they always have been.

Mr. UNTERMYER. Upon the dissolution of the Northern Securities Co. you came into possession of a large amount of stock of the Great Northern and of the Northern Pacific?

Mr. HILL. Of both. Not a large amount—well, a considerable amount.

Mr. UNTERMYER. Your family own, do they not, over 37,000 shares of the Great Northern and over 62,000 shares of the Northern Pacific?

Mr. HILL. I do not remember.

Mr. UNTERMYER. Do not remember your holdings?

Mr. HILL. I do not remember. I think I have of Northern Pacific somewhere between 25,000 and 30,000 shares.

Mr. UNTERMYER. And Mr. J. W. Hill has about 25,000 shares, has he not, or 20,000 shares?

Mr. HILL. I do not know anyone named J. W. Hill. Do you mean J. N. Hill?

Mr. UNTERMYER. J. N. Hill. He is your son, is he not?

Mr. HILL. Yes, sir. How many does he own?

Mr. UNTERMYER. Twenty thousand three hundred and forty-one shares.

Mr. HILL. Possibly.

Mr. UNTERMYER. And your son Louis W. Hill owns 10,250 shares?

Mr. HILL. Possibly; but I am not familiar with the list of stockholders of the Northern Pacific Railroad.

Mr. UNTERMYER. J. N. Hill, trustee, owns 3,576 shares, and Mrs. Mary H. Hill, 3,000 shares?

Mr. HILL. Yes.

Mr. UNTERMYER. As to the Great Northern, you hold how many shares in that, 20,000?

Mr. HILL. Yes; as many as that.

Mr. UNTERMYER. Louis W. Hill, 13,520 shares?

Mr. HILL. Possibly that is right. I have not the list of the stockholders.

Mr. UNTERMYER. I have it here.

Mr. HILL. There are a great many of them.

Mr. UNTERMYER. Yes; there are. Mr. George F. Baker is a large holder in both companies, is he not?

Mr. HILL. In the Northern Pacific?

Mr. UNTERMYER. In the Northern Pacific and in the Great Nothern?

Mr. HILL. I do not know how many he holds in the Northern Pacific.

Mr. UNTERMYER. Does he not hold 34,500 shares in the Great Northern, and 25,000 shares in the Northern Pacific?

Mr. HILL. It may be as to the Northern Pacific. I could not testify.

Mr. UNTERMYER. What is the Northern Finance Co.?

Mr. HILL. I do not know.

Mr. UNTERMYER. You have no relation to that?

Mr. HILL. I do not know. I do not know as I ever heard it mentioned.

Mr. UNTERMYER. What is the Curtiss Security Co.?

Mr. HILL. The Curtiss Security?

Mr. UNTERMYER. Yes.

Mr. HILL. I do not know. I have no knowledge of it at all. I do not know as I ever heard it mentioned before.

Mr. UNTERMYER. Do you not know that they have 47,000 shares in the Great Northern and 56,000 shares in the Northern Pacific?

Mr. HILL. The Curtiss Security Co.?

Mr. UNTERMYER. The Curtiss Security Co. I will show you the stock list.

Mr. HILL. Let me see, now. Is that Willis James's estate?

Mr. UNTERMYER. I really do not know.

Mr. HILL. Mr. D. Willis James was an old associate in the Great Northern for many years. I could not testify absolutely, but my opinion is that that is the estate of D. Willis James, who was during his lifetime for 30 years or more associated with me.

Mr. UNTERMYER. Are you and your son, Mr. James N. Hill, directors in the Northern Pacific?

Mr. HILL. I have already testified that I am not a director in the Northern Pacific Co.

Mr. UNTERMYER. Is Mr. James N. Hill the only member of your family who is a director in the Northern Pacific?

Mr. HILL. I do not know. He is abroad, and I do not know that he is a director at the present time.

Mr. UNTERMYER. Do you know that he is vice president?

Mr. HILL. No, I do not. I know that he is not.

Mr. UNTERMYER. What is that?

Mr. HILL. I know that he is not. He was.

Mr. UNTERMYER. He was until when, Mr. Hill?

Mr. HILL. I do not know what time; possibly some time during the last year.

Mr. UNTERMYER. You do not know whether he is still a director?

Mr. HILL. I do not.

Mr. UNTERMYER. Your son, Louis W. Hill, is chairman of the board of the Great Northern?

Mr. HILL. Yes.

Mr. UNTERMYER. And you and he are directors in the Great Northern—on the board?

Mr. HILL. Yes. The board consists of nine directors.

Mr. UNTERMYER. Are you not connected with some financial institutions up in St. Paul as a director, or did you not acquire some interests here recently?

Mr. HILL. I am a director of the First National Bank of St. Paul. I have been for many years.

Mr. UNTERMYER. Did that bank acquire another bank recently?

Mr. HILL. Yes.

Mr. UNTERMYER. What was the other bank?

Mr. HILL. The Second National Bank.

Mr. UNTERMYER. And they have been consolidated?

Mr. HILL. Yes, sir.

Mr. UNTERMYER. Is that the largest bank in that section?

Mr. HILL. Yes. There is another one about the same size in Minneapolis.

Mr. UNTERMYER. Do you remember what its capital and surplus are?

Mr. HILL. Its capital is $3,000,000 and its surplus $2,000,000

Mr. UNTERMYER. What is the extent of its deposits?

Mr. HILL. $17,000,000 or $18,000,000.

Mr. UNTERMYER. That is a recent consolidation or merger?

Mr. HILL. The consolidation took place on the first of the year.

Mr. UNTERMYER. The first of this year?

Mr. HILL. Yes. I might say that those were the two largest banks in the State, and the stock had drifted into the estates of dead men, and there was no active interest in the ownership of the stock. I bought the stock and distributed what I desired to; I bought every share of both banks and distributed what I desired to with men who would take an active part in it—younger men.

Mr. UNTERMYER. You have had an experience of many years with financial institutions, have you not?

Mr. HILL. Not a great deal.

Mr. UNTERMYER. You have been a director in banks for many years?

Mr. HILL. Yes; I have been a director of that bank for a great many years.

Mr. UNTERMYER. In your judgment, should there be minority representation in a bank? I mean, should not the minority of the stockholders have the right to select representatives on the board?

Mr. HILL. If the bank officers—I mean the board of directors of the bank—realize and obey the law and regard the oath they have taken, it does not make much difference, in my judgment.

Mr. UNTERMYER. Do you not think that, for instance, a 49 per cent stockholding interest in a bank ought to have a right to representation on the board?

Mr. HILL. Why, certainly; and I can not imagine conditions under which it would not have a right.

Mr. UNTERMYER. You know that it has now no legal right, do you not; in other words, that the 51 per cent of stock can elect the whole board as a matter of right?

Mr. HILL. As a matter of practice——

Mr. UNTERMYER. No; I am asking how the condition is, as a matter of right.

Mr. HILL. It is hard for me to give an opinion on a question, the conditions as you state them having never come under my observation in the world.

Mr. UNTERMYER. But as a general proposition, Mr. Hill, would you agree, or would you differ, that the law should provide representation for minorities in all corporations?

Mr. HILL. The law, as I understand it, provides for the representation of every shareholder. Now, it may be that some shareholders will be in the minority. I have seen cases where a single shareholder, holding one, two, or five hundred shares, would stop the transaction of business of a very large corporation. I think you may know of your own personal knowledge a man named Venner, who makes a living doing such things.

Mr. UNTERMYER. Yes.

Mr. HILL. I think he acknowledges it.

Mr. UNTERMYER. I have heard of him. I do not know him.

Mr. HILL. He acknowledges that his business is levying blackmail because he is a minority stockholder.

Mr. UNTERMYER. Does that furnish to your mind a reason why a bare majority of a stock should select all the directors?

Mr. HILL. Mr. Untermyer——

Mr. UNTERMYER. Well, does it?

Mr. HILL. Your question is a new one to me, and the other condition one that arises in my mind, and I just stated it. There are two extremes.

Mr. UNTERMYER. That brings us back to the question as to whether or not, from your experience in corporations, it is your judgment that there should be what is known as cumulative voting, which allows to each share of stock representation?

Mr. HILL. I do not think that cumulative voting, properly construed, could do any harm, and it might do good.

Mr. UNTERMYER. Would you not favor it?

Mr. HILL. For instance——

Mr. UNTERMYER. Or would you favor it?

Mr. HILL. I will give you something that will answer your question, I think. Take for instance, the Aldrich bill, so called.

Mr. UNTERMYER. I think that we had better keep away from that.

Mr. HILL. Well, now, just a minute. It provides a sort of majority and minority and interlocking, and a, to me, quite curious method, governmental appointment of directors. I think there you would have to have it. You could not have all the little banks of the country——

Mr. UNTERMYER. Do not let us get on that, because it is endless.

Mr. HILL. You are talking about directors, and I think I can answer your question and please you, too.

Mr. UNTERMYER. I do not care to be pleased.

Mr. HILL. All right; I will not try, then.

Mr. UNTERMYER. Would you like to say anything more about that, Mr. Hill?

Mr. HILL. Do you want me to?

Mr. UNTERMYER. Not especially, except that we would like to know whether you believe in cumulative voting as a good thing.

Mr. HILL. If you want me to I will, otherwise I will not.

Mr. UNTERMYER. Go right on, then.

Mr. HILL. Providing that all the national banks in the country should vote—there are a very great many of $20,000 or $25,000 banks. They have not interest enough in it to vote, because $25,000 of capital in a bank, under ordinary conditions, would not earn money enough to pay the salary of the president and of the cashier. But we will say, for instance, that eight of them, or, if you like, four of them, would have one vote. That would be $100,000. Then you might restrict large banks. You might say that a bank with $1,000,000 capital could have 10 votes, but beyond that it could not have any.

Mr. UNTERMYER. You are talking about votes in a central reserve association under the Aldrich plan?

Mr. HILL. Yes; I was, directly. But you can apply the same thing, because a central reserve association is a large bank to do business, and I do not see that the same principle would not apply largely, or a modification or adaptation of it would not apply, in the other way.

Mr. UNTERMYER. Do you see any objection to applying the principle of cumulative voting to give representation to the minority in railroad corporations and all industrial corporations, so that the minority would be represented?

Mr. HILL. I can not see where it would do any good in ordinary business corporations, and I can see where it would do an immense amount of harm.

Mr. UNTERMYER. Take, for instance, the Great Northern, with which you are connected, or the Northern Pacific?

Mr. HILL. Yes.

Mr. UNTERMYER. Do you not see any justice in allowing a certain amount of stock to get together there and have a representation and elect directors?

Mr. HILL. No; so far as that is concerned. But now let us take the effect, if you give that power to some one who may exercise it.

Mr. UNTERMYER. If there were ten directors to be elected, or nine as in the Great Northern, they would have to get together one-ninth of all the stock to elect one director. You understand that, do you not?

Mr. HILL. Yes; and they might borrow the proxies. Some stockholder might lend his proxies and they might pay him one-half of 1 per cent for the privilege of voting them. That man might come and sit at the council board and he might be interested in preventing the Great Northern from extending its line here, there, or anywhere.

In other words, you would have a very awkward condition. You could not go on and build your road in any direction. You know a railroad in order to get its right of way has got to do it quietly.

Mr. UNTERMYER. How could one man out-vote the other eight?

Mr. HILL. He would not out-vote them, but he would get the knowledge, and he could block action. He has simply the right to go and attend all meetings and look at the records.

Mr. UNTERMYER. Then you think that the knowledge of what is going on in the corporation ought to be kept from the stockholders, or that they ought to have a right to secure that knowledge?

Mr. HILL. A small minority ought not to have the right to destroy the property of the owners of the majority. In a great property the man who becomes a minority holder for the purpose of making trouble ought not to be permitted by the law to do it.

Mr. UNTERMYER. Can you conceive of any conditions under which the owners of a one-ninth of the stock of a great corporation like the Great Northern would want to destroy their property?

Mr. HILL. They might not own it, sir. He might be elected by proxies, and not own it. It is very seldom——

Mr. UNTERMYER. Is that the way you gentlemen are elected—by proxies?

Mr. HILL. Yes. Let me answer your question, to show you. I do not recall in 30 years where there was a single stockholder that attended a Great Northern meeting except some man who wanted to make trouble for the corporation.

Mr. UNTERMYER. You mean stockholders as a rule do not take any interest?

Mr. HILL. The stockholders send their proxies in. Not a solitary stockholder, it may be, is present. I have had to adjourn a meeting in order to appoint tellers, because there was nobody there.

Mr. UNTERMYER. How many shares are there in your corporation?

Mr. HILL. $210,000,000.

Mr. UNTERMYER. That would be 2,100,000 shares.

Mr. HILL. Yes. It is divided among between 18,000 and 19,000 shareholders, and I suppose nearly one-half of them are women and children. The average holding is less than $12,000.

Mr. UNTERMYER. As a fact, Mr. Hill, in practical operation you are able to control that company with a little over 2 per cent of the stock?

Mr. HILL. Well, I do not control it. I was instrumental in building it, but I do not control it, and I am getting to be an old man, and I want to get out before I die, and have a little time of my own.

Mr. UNTERMYER. And your son is taking your place?

Mr. HILL. He is, I am glad to say.

Mr. UNTERMYER. Is one of your fears as to cumulative voting that a director might get on the board and go out and use the information for some competing road.

Mr. HILL. Yes; he might be a director. He might represent an unfriendly interest.

Mr. UNTERMYER. A competing interest?

Mr. HILL. Yes. It would not be a difficult thing to get one-ninth of the proxies. I got one-ninth of proxies once to help a friend, or, in fact, more than that. I think I got 15 or 18 per cent of proxies to

help a friend who asked me to do it. It was Charles Francis Adams, of Boston, and he pretended he was an honest and straightforward man, and I think he was. I felt so at the time. I never have had any reason to change my opinion.

Mr. UNTERMYER. You say one of the things you fear would be that a man might get in there and get information for a competing road?

Mr. HILL. He might; or he might publish the information. A railroad has to build its road on certain lines. You can not build over the tops of houses, and real estate has to be acquired for the purposes of the railroad; and if you are prudent you will get your right of way before you announce where you are going to build.

Mr. UNTERMYER. Do you believe in the same man being a director in competing companies?

Mr. HILL. It depends on what they are. It depends on the man

Mr. UNTERMYER. We are talking about the laws now, not about men.

Mr. HILL. Well, the law——

Mr. UNTERMYER. Do you believe in a law forbidding men to be directors in different companies?

Mr. HILL. The law might forbid an excellent, good man——

Mr. UNTERMYER. Please answer my question.

Mr. HILL. I am trying to.

Mr. UNTERMYER. The question is, do you think the law should forbid or permit the same men to be directors in competing companies?

Mr. HILL. The effect of that would in my judgment depend upon the character of the man, the individual. I can understand possibly I might not want a competitor in a bank sitting at the bank board with me. I might not want him, but he might be the best director, and as good as I am. If he obeys the law and regards his oath, he might be——

Mr. UNTERMYER. Do you not understand that in passing laws you can not have regard to the character of the men who are to act under them? Now, Mr. Hill, I am trying to find out from you whether you think the law should or should not forbid the same men being directors in competing companies? Have you any view on that?

Mr. HILL. My view is that in trying to do good you are liable to do harm; you might not necessarily do harm and you might not necessarily do good; but it depends on the individual man. All acts are personal things, and the mind and conscience of that individual man is what is going to govern his actions.

Mr. UNTERMYER. That is all, Mr. Hill. You may be excused.

Mr. HILL. Thank you.

Thereupon the subcommittee took a recess until 2 o'clock p. m.

AFTER RECESS.

The committee met pursuant to adjournment.

TESTIMONY OF ROBERT WINSOR.

The witness was sworn by the chairman.

Mr. UNTERMYER. Where do you reside?

Mr. WINSOR. In Boston.

Mr. UNTERMYER. Are you a member of the firm of Kidder, Peabody & Co.?

Mr. WINSOR. Yes.

Mr. UNTERMYER. They are bankers in Boston, are they not?

Mr. WINSOR. Yes.

Mr. UNTERMYER. That is an international banking house?

Mr. WINSOR. We do an international business.

Mr. UNTERMYER. How long has that firm been constituted, with varying memberships?

Mr. WINSOR. Since 1865, and it is the successor of a firm formed in 1845.

Mr. UNTERMYER. Have you a London house?

Mr. WINSOR. No.

Mr. UNTERMYER. You have London connections?

Mr. WINSOR. Baring Bros. & Co. are our correspondents.

Mr. UNTERMYER. Have you prepared a statement of syndicate transactions in answer to the request of the committee and in answer to various questions that have been put?

Mr. WINSOR. Yes.

Mr. UNTERMYER. Is there any objection to that being made part of the record before the committee—that is, in the case of other banks?

Mr. WINSOR. No.

The statement referred to was marked "Exhibit No. 229," and will be found printed in full at the end of this day's proceedings.

Mr. UNTERMYER. You have also supplied certain supplemental information by the supplemental letter from your counsel, have you not?

Mr. WINSOR. I have no doubt.

The supplemental letter referred to is included in Exhibit No. 229, which will appear at the end of this day's proceedings.

Mr. UNTERMYER. Are you and the members of your firm directors in various banks in Boston?

Mr. WINSOR. Some of us are.

Mr. UNTERMYER. Can you state from memory in what banks your various partners are directors?

Mr. WINSOR. Mr. Webster and I are directors in the National Shawmut Bank.

Mr. UNTERMYER. Mr. Webster is one of your partners?

Mr. WINSOR. Senior.

Mr. UNTERMYER. I forgot to ask you to give us the names of your partners.

Mr. WINSOR. William G. Webster, Frank E. Peabody, William Endicott, jr., Frank W. Remick, and myself; and our New York partners are Charles S. Sargent, jr., and William L. Benedict.

Mr. UNTERMYER. You are a director in what banks in Massachusetts?

Mr. WINSOR. The National Shawmut Bank.

Mr. UNTERMYER. The State of Massachusetts I called for.

Mr. WINSOR. Yes.

Mr. UNTERMYER. Are you a director in any trust company—in the Union Trust Co. of Springfield?

Mr. WINSOR. Oh, yes. I thought you asked for the banks. Excuse me.

Mr. UNTERMYER. Banks and trust companies.

Mr. WINSOR. The Worcester Trust Co. and the Union Trust Co. of Springfield.

Mr. UNTERMYER. And the Commonwealth Trust?

Mr. WINSOR. No.

Mr. UNTERMYER. I thought you stated you were.

Mr. WINSOR. If so it was an error. I was, and resigned some time ago.

Mr. UNTERMYER. When did you resign?

Mr. WINSOR. I can not be sure, but I should think a couple of years ago.

Mr. UNTERMYER. In how many corporations are you a director, do you remember?

Mr. WINSOR. Approximately 20 of them, I think it is stated there.

Mr. UNTERMYER. Does that include the American Telephone & Telegraph Co.?

Mr. WINSOR. Yes.

Mr. UNTERMYER. Do you remember in what banks Mr. Webster is a director?

Mr. WINSOR. The National Shawmut Bank and the Boston Safe Deposit & Trust Co.

Mr. UNTERMYER. He is also a director in various other corporations, is he not?

Mr. WINSOR. Very few, I should think. A few.

Mr. UNTERMYER. Four, I think.

Mr. WINSOR. I am not sure.

Mr. UNTERMYER. Do you remember what banks and trust companies Mr. Endicott is a director of?

Mr. WINSOR. The National Bank of Commerce and the Old Colony Trust Co.

Mr. UNTERMYER. How about the Bay State Trust Co.?

Mr. WINSOR. He may be; I do not know.

Mr. UNTERMYER. The New England Trust Co.?

Mr. WINSOR. Yes.

Mr. UNTERMYER. And the Bay State?

Mr. WINSOR. I am not sure about that.

Mr. UNTERMYER. Are those all four Boston corporations?

Mr. WINSOR. Yes.

Mr. UNTERMYER. He is also a director in a number of other corporations, is he not?

Mr. WINSOR. I think so.

Mr. UNTERMYER. Is Mr. Remick a director in any bank, that you know of?

Mr. WINSOR. Not to my knowledge.

Mr. UNTERMYER. He is, however, in other corporations, is he not?

Mr. WINSOR. A few.

Mr. UNTERMYER. What is the largest bank in Boston?

Mr. WINSOR. The National Shawmut.

Mr. UNTERMYER. Do you remember what its capital and surplus, undivided profits and deposits are?

Mr. WINSOR. Capital, 10,000,000; surplus and undivided profits, between six and seven million, I believe; and deposits in the vicinity of $85,000,000 to $90,000,000, normally.

Mr. UNTERMYER. Did that bank absorb a number of other banks?

Mr. WINSOR. Yes.

Mr. UNTERMYER. Do you remember how many banks it absorbed?

Mr. WINSOR. My impression is there were 14 banks.

Mr. UNTERMYER. That were absorbed into the Shawmut?

Mr. WINSOR. Fourteen in all, including the old Shawmut bank, I think; but I am not perfectly sure about that.

Mr. UNTERMYER. It absorbed 13 other banks?

Mr. WINSOR. Approximately that.

Mr. UNTERMYER. Which is the next largest bank in Boston?

Mr. WINSOR. The First National.

Mr. UNTERMYER. That also absorbed a number of other banks?

Mr. WINSOR. Yes.

Mr. UNTERMYER. Do you remember how many?

Mr. WINSOR. No, I do not.

Mr. UNTERMYER. Do you recall what its surplus and capital are?

Mr. WINSOR. $5,000,000 capital, $5,000,000 surplus, and $5,000,000 undivided, approximately.

Mr. UNTERMYER. Undivided profits?

Mr. WINSOR. Yes.

Mr. UNTERMYER. How much deposits, approximately?

Mr. WINSOR. I would say $75,000,000 normally; somewhere along there.

Mr. UNTERMYER. There is a third large bank in Boston, is there not?

Mr. WINSOR. The Old Colony Trust Co.

Mr. UNTERMYER. Yes; did that absorb other institutions?

Mr. WINSOR. Yes.

Mr. UNTERMYER. Do you remember how many?

Mr. WINSOR. No, I do not.

Mr. UNTERMYER. Do you recall what its present capital, surplus, and undivided profits and deposits are?

Mr. WINSOR. I do not remember.

Mr. UNTERMYER. Do you know what proportion of the total resources of all the banks of Boston is included in these three corporations—the Shawmut, the First National, and the Old Colony Trust Co.?

Mr. WINSOR. No, I do not.

Mr. UNTERMYER. Is it not approximately two-thirds of all the resources?

Mr. WINSOR. It must certainly be a majority.

Mr. UNTERMYER. Is it not something over two-thirds?

Mr. WINSOR. I do not know.

Mr. UNTERMYER. How many national banks are there in Boston now?

Mr. WINSOR. I think there are 14; but I am not sure.

Mr. UNTERMYER. Do you know how many national banks, as against 14 now existent, there were in 1898?

Mr. WINSOR. I suppose in the vicinity of 50.

Mr. UNTERMYER. There were 58, were there not?

Mr. WINSOR. I do not know.

Mr. UNTERMYER. The total resources of these 14 national banks to-day—are they very much larger than the total resources of the 58 national banks in 1898?

Mr. WINSOR. I have no idea.

Mr. UNTERMYER. The clearances have increased very much in Boston, have they not?

Mr. WINSOR. Yes.

Mr. UNTERMYER. Are you a member of the clearing house?

Mr. WINSOR. The Shawmut Bank, you mean?

Mr. UNTERMYER. No; I mean the clearances of the Boston clearing house for all the institutions.

Mr. WINSOR. Yes.

Mr. UNTERMYER. They have largely increased from year to year?

Mr. WINSOR. Yes.

Mr. UNTERMYER. Have you any recollection as to what the clearances are?

Mr. WINSOR. Not the slightest.

Mr. UNTERMYER. How many directors has your firm on the Shawmut Bank board?

Mr. WINSOR. Two.

Mr. UNTERMYER. How many directors are there of the Shawmut Bank?

Mr. WINSOR. Between 35 and 40, I think.

Mr. UNTERMYER. What is the extent of the stock holdings of your firm, and individual members, in the Shawmut Bank?

Mr. WINSOR. About 5,000 shares.

Mr. UNTERMYER. Has your firm conducted joint syndicate transactions with J. P. Morgan & Co.?

Mr. WINSOR. Yes.

Mr. UNTERMYER. And with the First National Bank of New York?

Mr. WINSOR. Probably. I do not remember definitely.

Mr. UNTERMYER. Do you also have joint transactions with Lee, Higginson & Co. of your city?

Mr. WINSOR. I have no doubt we have.

Mr. UNTERMYER. You have had a number of such transactions, have you not?

Mr. WINSOR. No doubt.

Mr. UNTERMYER. Do the Shawmut, the First National, and the Old Colony Trust Co. participate in issues made by your firm?

Mr. WINSOR. Do you mean do we ever give them participations?

Mr. UNTERMYER. Yes.

Mr. WINSOR. Yes; both the Old Colony Trust Co. and the Shawmut Bank. I am not sure about the First National.

Mr. UNTERMYER. You are not allied with the First National Bank, are you?

Mr. WINSOR. No.

Mr. UNTERMYER. I think Lee, Higginson & Co. are allied with that bank, are they not?

Mr. WINSOR. Yes.

Mr. UNTERMYER. Do you also exchange participations with J. P. Morgan & Co. in your issues?

Mr. WINSOR. Yes, I think so; occasionally.

Mr. UNTERMYER. And they with you?

Mr. WINSOR. Yes.

Mr. UNTERMYER. Have you any recollection now, independent of the data you have produced here, of the number of joint transactions between your firm, J. P. Morgan & Co., and the First National Bank of New York?

Mr. WINSOR. No.

Mr. UNTERMYER. What is the rule, or what are the banking ethics, with respect to the participation, the interest of bankers, of banking houses, in the issues of a corporation where they have previously been interested in issues of that same corporation?

Mr. WINSOR. I should say that there was no fixed rule. It depends entirely on circumstances.

Mr. UNTERMYER. Is it not a fact, where you have been partners or jointly interested in one ownership of a corporation, that you offer participation to the same people in subsequent issues of that same corporation?

Mr. WINSOR. We should want to.

Mr. UNTERMYER. Well, that would be the rule?

Mr. WINSOR. No; I should not think it was the rule.

Mr. UNTERMYER. It would not be?

Mr. WINSOR. No.

Mr. UNTERMYER. Take, for instance, the issues of the American Telephone & Telegraph Co. There have been a number of such issues, have there not?

Mr. WINSOR. Yes.

Mr. UNTERMYER. To what extent has your firm been interested in such issues since 1906?

Mr. WINSOR. I think we have been interested in all of them.

Mr. UNTERMYER. There have been how many issues?

Mr. WINSOR. I should think three. I am not sure.

Mr. UNTERMYER. There have been five, including the recent one of $67,000,000. You are interested in that, are you not?

Mr. WINSOR. Yes.

Mr. UNTERMYER. And the issues together have amounted to about how much; about $250,000,000, have they not?

Mr. WINSOR. I should think so.

Mr. UNTERMYER. Have you had the same partnerships or joint interests as between the banking houses in all those issues?

Mr. WINSOR. No.

Mr. UNTERMYER. Have they not been divided in substantially the same way?

Mr. WINSOR. No; not exactly.

Mr. UNTERMYER. What has been the difference?

Mr. WINSOR. I do not know the details, but they have not been exactly the same.

Mr. UNTERMYER. Let us see. Have not Morgan & Co. been interested with you in all of them?

Mr. WINSOR. No.

Mr. UNTERMYER. In which of these issues have they not been interested?

Mr. WINSOR. I think there were some collateral trust bonds. There have been two large issues; $150,000,000, and then this last one——

Mr. UNTERMYER. Of $67,000,000?

Mr. WINSOR. Yes.

Mr. UNTERMYER. They have been interested with you in both those?

Mr. WINSOR. Yes.

Mr. UNTERMYER. And have not Kuhn, Loeb & Co. been interested with you in the same issues?

Mr. WINSOR. Yes.

Mr. UNTERMYER. And in the same proportions?

Mr. WINSOR. Is that a necessary question?

Mr. UNTERMYER. We have the proportions here in this statement.

Mr. WINSOR. No; not the same proportions.

Mr. UNTERMYER. There has been a change of the proportions. Do you distribute your issues generally among banks and trust companies—the part that you take?

Mr. WINSOR. Sometimes, and sometimes not.

Mr. UNTERMYER. And does that distribution extend beyond Boston?

Mr. WINSOR. Sometimes.

Mr. UNTERMYER. When it is a large issue?

Mr. WINSOR. Yes.

Mr. UNTERMYER. Have you a list from which you select the participants whom you invite to participate?

Mr. WINSOR. No; not at all.

Mr. UNTERMYER. You make up a list for each transaction?

Mr. WINSOR. Yes.

Mr. UNTERMYER. Does that consist mainly of corporations?

Mr. WINSOR. Oh, no.

Mr. UNTERMYER. Or are there many individuals?

Mr. WINSOR. No; they are chiefly banking houses.

Mr. UNTERMYER. Banking houses in other cities or in Boston?

Mr. WINSOR. In Boston.

Mr. UNTERMYER. In Boston?

Mr. WINSOR. Principally.

Mr. UNTERMYER. You give participations to a certain number of the Boston bankers?

Mr. WINSOR. Yes.

Mr. UNTERMYER. Were you interested with Messrs. Morgan in certain bond issues of the Chicago, Burlington & Quincy road in 1906, 1908, and 1909?

Mr. WINSOR. I do not remember it.

Mr. UNTERMYER. General mortgage 4 per cent bonds? Do you not remember that?

Mr. WINSOR. No, sir.

Mr. UNTERMYER. Your statement shows it.

Mr. WINSOR. Very likely.

Mr. UNTERMYER. Do you give participations, Mr. Winsor, to bank officers?

Mr. WINSOR. Not as a rule.

Mr. UNTERMYER. Do you occasionally give participations to officers of banks in which you place your securities, or where you give the banks participation?

Mr. WINSOR. Distinctly not, as a rule.

Mr. UNTERMYER. How would you describe the exceptions, as a rule?

Mr. WINSOR. I should think they were so few as to not need a description.

Mr. UNTERMYER. You do not consider that proper, do you?

Mr. WINSOR. I think it would depend entirely on circumstances.

Mr. UNTERMYER. Under what circumstances would you consider it proper to give participation to the officers of a bank which was also participating, or to which you were selling that security?

Mr. WINSOR. If that participation were given to influence, or did influence, that officer, it would be improper.

Mr. UNTERMYER. How could you tell whether it influenced him or not?

Mr. WINSOR. Well, I know some honest men.

Mr. UNTERMYER. You select the honest men who are officers of corporations, do you, and give them participation, and give none to the others?

Mr. WINSOR. No. There are lots of honest men we do not give participations to, and we do not give any participation to others if we can help it.

Mr. UNTERMYER. Why do you distinguish between one class of honest bank officers and another class of honest bank officers in giving participations in corporations that are buying that same security?

Mr. WINSOR. We do not, Mr. Untermyer.

Mr. UNTERMYER. You say there are some cases in which you give it?

Mr. WINSOR. There have been some cases, but there is no class.

Mr. UNTERMYER. I asked you about your idea of the propriety of that.

Mr. WINSOR. I say it is proper if it is not given for the purpose of influencing, and does not influence, the men.

Mr. UNTERMYER. And you say the only way in which you are able to ascertain whether it does not influence them is by the character of the men; is that right?

Mr. WINSOR. I should think that had a bearing on the situation.

Mr. UNTERMYER. Do you not think it would be safer not to allow it to be done at all, where you are selling that same security to the corporation?

Mr. WINSOR. No, sir; I do not think so.

Mr. UNTERMYER. You think it is entirely safe?

Mr. WINSOR. As far as we are concerned; yes, sir.

Mr. UNTERMYER. Why do you differentiate between yourselves and other people?

Mr. WINSOR. I do not know the other people.

Mr. UNTERMYER. You know that bank officers are given participations frequently, do you not, in issues——

Mr. WINSOR. I have no doubt of it.

Mr. UNTERMYER. In which their banks are participating?

Mr. WINSOR. I have no doubt of it.

Mr. UNTERMYER. As a general rule, do you champion the propriety of that course?

Mr. WINSOR. It is distinctly undesirable, as a general rule.

Mr. UNTERMYER. If it is distinctly undesirable, do you not think it ought to be prohibited?

Mr. WINSOR. I doubt it.

Mr. UNTERMYER. What harm would ensue from prohibiting it?

Mr. WINSOR. That is a difficult question. I can not answer it.

Mr. UNTERMYER. Can you see any?

Mr. WINSOR. I think harm might come; but, Mr. Untermyer, I can not answer on the spur of the moment a definite question of that kind, although some harm might arise.

Mr. UNTERMYER. But you do not think of it at the moment?

Mr. WINSOR. I do not think of any.

Mr. UNTERMYER. I mean harm from prohibiting?

Mr. WINSOR. Yes; I understand.

Mr. UNTERMYER. And do you see any harm in a banking house selling securities to a banking institution in which it is largely interested, and in which it has representation on the board?

Mr. WINSOR. No.

Mr. UNTERMYER. Do you think it ought to be permitted to deal as freely with such a bank as though the bank were entirely independent of any representation or control?

Mr. WINSOR. Surely.

Mr. UNTERMYER. Do you feel that it would not influence, or might not be likely to influence, the purchase of securities of your banking house where the bank was under the control of the banking house?

Mr. WINSOR. There is no such case.

Mr. UNTERMYER. I say if there were such a case, would you consider it desirable or proper?

Mr. WINSOR. I should think that it would be very unwise to prohibit it.

Mr. UNTERMYER. Why?

Mr. WINSOR. Because it might prevent very valuable people from serving on the board of a bank.

Mr. UNTERMYER. Taking the proposition broadly, Mr. Winsor, what should you say as to the wisdom of having a bank entirely independent of any representation in dealing with a banking house that is seeking to sell securities to that bank?

Mr. WINSOR. I should say that it was very detrimental to the proper interests of the institution.

Mr. UNTERMYER. Do you think it is better that the banking house should deal with the banks in which it is interested and represented?

Mr. WINSOR. Surely.

Mr. UNTERMYER. To what extent should you carry that? Suppose the representation was a very important one?

Mr. WINSOR. I do not think it makes any difference.

Mr. UNTERMYER. You do not?

Mr. WINSOR. No.

Mr. UNTERMYER. I think that is all, Mr. Winsor. Thank you.

Witness excused.

TESTIMONY OF GARDINER M. LANE.

The witness was sworn by the chairman.

Mr. UNTERMYER. Mr. Lane, you are a member of the banking firm of Lee, Higginson & Co., are you not?

Mr. LANE. I am.

Mr. UNTERMYER. You reside where?

Mr. LANE. In Boston, Mass.

Mr. UNTERMYER. Who are the members of that firm?

Mr. LANE. I will give them in order: Maj. Henry L. Higginson, myself, Mr. James J. Storrow, Mr. George C. Lee, Mr. N. P. Hallowell, Mr. Levick, Mr. Shaw, Mr. Shelton, Mr. Schweppe, and Mr. F. L. Higginson, jr.

Mr. UNTERMYER. How long has the banking house been in existence?

Mr. LANE. Over 50 years, I think.

Mr. UNTERMYER. Will you be good enough to state the extent of your directorships in banks and trust companies?

Mr. LANE. My own?

Mr. UNTERMYER. Yes.

Mr. LANE. I am a director in the Old Colony Trust Co.

Mr. UNTERMYER. That is the only banking institution in which you are a director?

Mr. LANE. The only banking institution in which I am a director.

Mr. UNTERMYER. And your partners are directors in what Boston institutions?

Mr. LANE. My partner, Maj. Higginson, is a director in the Shawmut Bank, and Mr. Levick is a director in the First National Bank. My partners, Mr. Lee and Mr. F. L. Higginson, jr., are directors in the Commonwealth Trust Co., of Boston. Mr. Hallowell is a director in the Bank of Commerce, I think it is.

Mr. UNTERMYER. In Boston?

Mr. LANE. In Boston. These are all in Boston.

Mr. UNTERMYER. Are any of the members of your firm directors in any financial institutions outside of Boston?

Mr. LANE. Not that I can recollect.

Mr. UNTERMYER. What is the extent of the stockholdings of the various members of your firm in Boston banks?

Mr. LANE. In the Old Colony Trust Co. the firm itself and the partners of the firm hold 2,606 shares. In the First National Bank they hold 2,775 shares. In the National Shawmut Bank they hold 1,000 shares. In the Commonwealth Trust Co. they hold 570 shares. These figures are approximate, but I believe they are practically correct.

Mr. UNTERMYER. How much did you say you all own together in the Old Colony Trust Co.?

Mr. LANE. I think it is 2,606 shares.

Mr. UNTERMYER. You heard Mr. Winsor's testimony?

Mr. LANE. I heard some of it; not all of it.

Mr. UNTERMYER. Did you hear his testimony with respect to the resources of the Boston banks?

Mr. LANE. Yes.

Mr. UNTERMYER. Is it substantially as you understand it?

Mr. LANE. I have no doubt it is; I have never paid any particular attention to those amounts.

Mr. UNTERMYER. Do you know how many national banks there are in Boston?

Mr. LANE. No.

Mr. UNTERMYER. What is that?

Mr. LANE. I have never counted them.

Mr. UNTERMYER. Do you know how they compare in number with the national banks that were there in 1896?

Mr. LANE. No; I have never counted to see.

Mr. UNTERMYER. You know that there are very many less?

Mr. LANE. I know that there have been a number of consolidations. Whether there are many less or not I could not tell.

Mr. UNTERMYER. Could you not say, as between 50 national banks in 1896 and 14 now, whether there has been any reduction?

Mr. LANE. I should say there had probably been some reduction; but you are giving me figures now that are not my figures, and I am not prepared to say.

Mr. UNTERMYER. But being in Boston and being in the financial world, do you not know that there are vastly less banks than there were then?

Mr. LANE. I think there are fewer banks than there were then.

Mr. UNTERMYER. Your firm has been interested, has it not, on joint account with J. P. Morgan & Co. and the First National Bank, in recent years in a great many public issues of railway and industrial corporations?

Mr. LANE. We have had occasional interests.

Mr. UNTERMYER. Have they taken interests in flotations of securities that have originated with you, and you in issues originating with them?

Mr. LANE. I should say it was very seldom that they had taken interests in our flotations.

Mr. UNTERMYER. Generally you went in joint account with them in their flotations?

Mr. LANE. We may have had interests. I will not say joint accounts.

Mr. UNTERMYER. Were they not joint accounts?

Mr. LANE. It is very seldom we have been in joint account with them.

Mr. UNTERMYER. Where you take an issue together at the outset?

Mr. LANE. That is on joint account.

Mr. UNTERMYER. That is joint account?

Mr. LANE. Yes.

Mr. UNTERMYER. Have you not taken a number of such issues with them at the beginning?

Mr. LANE. Very few, I should say. I am speaking from memory.

Mr. UNTERMYER. The Atchison, Topeka & Santa Fe issue?

Mr. LANE. We were not in joint account.

Mr. UNTERMYER. You were interested as a participant there?

Mr. LANE. We have had some underwriting.

Mr. UNTERMYER. In the Chicago, Burlington & Quincy, were you not interested with them in joint account, and in the First National Bank of New York?

Mr. LANE. No; my recollection is that we were not.

Mr. UNTERMYER. What was your interest there?

Mr. LANE. I think that we had an interest, but not in joint account.

Mr. UNTERMYER. You mean as a participant under them in their syndicate?

Mr. LANE. Yes.

Mr. UNTERMYER. Not on the same basis?

Mr. LANE. That would be my recollection of it. I do not remember that particular case very well.

Mr. UNTERMYER. Where you advertise securities jointly for sale, are those not cases in which you are in joint account?

Mr. LANE. Not necessarily.

Mr. UNTERMYER. As a rule is that so?

Mr. LANE. Sometimes. I could not say as a rule that it was or was not.

Mr. UNTERMYER. You do not remember any such occasion, do you?

Mr. LANE. Any such occasion as what?

Mr. UNTERMYER. As your advertising jointly with them securities in which you were interested with them in joint account?

Mr. LANE. I do remember one instance.

Mr. UNTERMYER. Which is that?

Mr. LANE. The Kansas City Terminal Railway.

Mr. UNTERMYER. How recently is that?

Mr. LANE. It is within a month or two. Also there have been previous issues in that same company in preceding years.

Mr. UNTERMYER. In joint account?

Mr. LANE. In joint account.

Mr. UNTERMYER. Are they participants with you in your syndicates that originate with you?

Mr. LANE. Occasionally, but not as an invariable rule at all.

Mr. UNTERMYER. Are they not offered participations in large issues?

Mr. LANE. Sometimes, but not at all as an invariable case.

Mr. UNTERMYER. And the First National in like manner?

Mr. LANE. No; very seldom.

Mr. UNTERMYER. Does this advertisement of the Kansas City Terminal Railway represent the method in which securities are issued publicly in joint account, where they are held in joint account?

Mr. LANE. It may be. They might be issued in that way and they might not. Every case has to be considered by itself, and every case differs from another.

Mr. UNTERMYER. Have you not had issues in joint account with J. P. Morgan & Co. in the New Haven road?

Mr. LANE. We have had a few, yes.

Mr. UNTERMYER. Let us see how many. Have you had at least four such issues?

Mr. LANE. I would have to look at each issue, Mr. Untermyer, to answer that question.

Mr. UNTERMYER. Just look at this paper.

Mr. LANE. I see the first issue is New Haven 4 per cent bonds due 1955, $15,000,000, issued by J. P. Morgan & Co., and according to this paper we had a participation of $1,000,000. It was not joint account. Sundry underlying bonds of subsidiary companies; the total is not given. We had a participation, not joint account.

Mr. UNTERMYER. That appears there on this paper?

Mr. LANE. That appears upon the paper.
Mr. UNTERMYER. The one with a star is joint account?
Mr. LANE. None of these is joint account.
Mr. UNTERMYER. We will speak of the next one on which you see that star.
Mr. LANE. Four per cent notes. We had no interest in that, according to this.
Mr. UNTERMYER. Look at this one.
Mr. LANE. I beg your pardon. I do not think I understand the statement.
Mr. UNTERMYER. Those mean joint accounts [indicating]?
Mr. LANE. That is your statement of joint account.
Mr. UNTERMYER. I want to know whether or not that was a joint account.
Mr. LANE. Is this ten millions of notes that you say were issued in joint account? Is that the point?
Mr. UNTERMYER. Yes.
Mr. LANE. That is right.
Mr. UNTERMYER. Yes.
Mr. LANE. I will have to look at my records to tell you.
Mr. UNTERMYER. That is January 21, 1911.
Mr. LANE. That was a joint account.
Mr. UNTERMYER. It so appears on the paper.
Mr. LANE. We bought the notes, and we took J. P. Morgan & Co. into participation with us.
Mr. UNTERMYER. Did your firm make an issue of Jones & Laughlin Steel Co. bonds?
Mr. LANE. I think we sold some of those bonds many years ago.
Mr. UNTERMYER. Did you not take an issue?
Mr. LANE. I can not remember that we ever took that issue; no.
Mr. UNTERMYER. Suppose we look and see.
Mr. LANE. We had a participation of 100,000 underwriting through the First Trust & Savings Bank, Chicago. We were not in joint account.
Mr. UNTERMYER. That was a competitor of the United States Steel Corporation, was it?
Mr. LANE. Yes; it is.
Mr. UNTERMYER. In April, 1909, were you concerned with an issue of Louisville & Nashville bonds?
Mr. LANE. Yes.
Mr. UNTERMYER. Did you buy those bonds in joint account with Kissell, Kinnicutt & Co., and Moffett & White; an $8,000,000 issue?
Mr. LANE. Yes; a syndicate composed of those three firms bought the bonds.
Mr. UNTERMYER. From whom?
Mr. LANE. Through J. P. Morgan & Co.
Mr. UNTERMYER. Turn now to the Maine Central Railroad issues, if you please. Did you buy two issues of bonds there?
Mr. LANE. One in March, 1910, of $5,000,000, I think it was.
Mr. UNTERMYER. Was the Maine Central then controlled by the New Haven road under a lease?
Mr. LANE. My recollection is that it had not yet come under the control of that road, but I can not be certain as to that.
Mr. UNTERMYER. Well, the control had not taken its present form?

Mr. LANE. It had not taken its present form, according to my recollection.

Mr. UNTERMYER. But there was a control of the stock held by the New Haven road at that time?

Mr. LANE. You are asking me questions that I can not answer.

Mr. UNTERMYER. Do you not know anything about the affairs of the Maine Central?

Mr. LANE. I know something about them, but I do not know what the New Haven held of the stock of the Maine Central or the Boston & Maine.

Mr. UNTERMYER. But do you not know that in March, 1910, it held a control of the Maine Central?

Mr. LANE. Who held it?

Mr. UNTERMYER. The New York, New Haven & Hartford held a control of the Maine Central?

Mr. LANE. No; I understand it did not. That is my understanding, but I am not a director in those properties and I have no knowledge.

Mr. UNTERMYER. Did not the Boston & Maine own 51 per cent of the Maine Central?

Mr. LANE. I believe it did. As to the exact amount, I can not answer.

Mr. UNTERMYER. It was a control, was it not?

Mr. LANE. It was said to be. I can not answer.

Mr. UNTERMYER. And did not the New Haven, on the other hand, hold the control of the Boston & Maine?

Mr. LANE. That I can not answer. It held a block of the stock, but how much I do not know.

Mr. UNTERMYER. Do you not know that in 1910 and prior thereto for a long time the New Haven road had the management and control both of the Boston & Maine and the Maine Central?

Mr. LANE. I know it had, but not for a long time.

Mr. UNTERMYER. For how many years before March, 1910?

Mr. LANE. I can not tell you, but it may have been a couple of years, or something like that, I should think.

Mr. UNTERMYER. Well, that is long enough for our purposes.

Mr. LANE. However, I want to say again that you are asking me about a corporation in which I am not a director, and when I answer I answer merely on information and hearsay.

Mr. UNTERMYER. But when you participate in a joint transaction of $8,000,000 of bonds of a corporation, Mr. Lane, is it not fair to assume that you know something about the relations of that corporation to the other corporation?

Mr. LANE. Yes, something; but not actual figures.

Mr. UNTERMYER. Is it not fair to assume that you know whether in March, 1910, the New Haven Co., through the Boston & Maine, controlled the Maine Central when you took those bonds?

Mr. LANE. No; it is not.

Mr. UNTERMYER. Is it not fair?

Mr. LANE. It is not fair. I knew the New Haven had considerable interest at that time in the Boston & Maine, but whether it had control or not is an entirely different question.

Mr. UNTERMYER. Through whom did you get those bonds?

Mr. LANE. I got those notes—they were not bonds—I bought them for myself, according to my recollection.

Mr. UNTERMYER. Did you invite participation?

Mr. LANE. We did. My firm did.

Mr. UNTERMYER. Did J. P. Morgan & Co. participate in the syndicate?

Mr. LANE. They did.

Mr. UNTERMYER. Do you know to what extent?

Mr. LANE. I do; yes.

Mr. UNTERMYER. You know that they were the fiscal agents in the management of the New Haven road at that time?

Mr. LANE. Were they?

Mr. UNTERMYER. Did you not know that they were the fiscal agents of the New Haven road?

Mr. LANE. I do not know when that took effect.

Mr. UNTERMYER. Did you not know that they had been for many years before 1910?

Mr. LANE. No. They were not, as I understand it.

Mr. UNTERMYER. When did they become fiscal agents?

Mr. LANE. I have seen reference to this. You have that information, I think, Mr. Untermyer.

Mr. UNTERMYER. What makes you think so?

Mr. LANE. Because I have read in the papers of the filing of the letter of agreement between J. P. Morgan & Co. and the New York, New Haven & Hartford Railroad Co.

Mr. UNTERMYER. Is it your recollection that in March, 1910, they were and had been for some time prior thereto the fiscal agents for the New Haven Railroad—I mean Morgan & Co.?

Mr. LANE. I should think they had been for some time before then, but I would like to know the date of that letter.

Mr. UNTERMYER. Well, they were the fiscal agents?

Mr. LANE. They were? I call attention to the fact that that letter, as I have read it, did not particularly cover short-time securities.

Mr. UNTERMYER. You also bought another issue of Maine Central securities last year, did you not?

Mr. LANE. We bought notes; yes.

Mr. UNTERMYER. How many?

Mr. LANE. 3,700,000.

Mr. UNTERMYER. Through whom?

Mr. LANE. J. P. Morgan & Co.

Mr. UNTERMYER. Did you form a syndicate to sell those?

Mr. LANE. No; we sold them over the counter as soon as we bought them.

Mr. UNTERMYER. When you say "over the counter" you mean through your bond department?

Mr. LANE. That is what I mean.

Mr. UNTERMYER. Have you bond salesmen?

Mr. LANE. We have.

Mr. UNTERMYER. Who travel through New England?

Mr. LANE. Over the whole country, pretty much.

Mr. UNTERMYER. And that is what you mean by saying "over the counter"?

Mr. LANE. Yes.

Mr. UNTERMYER. You did not mean that they were bought by people coming into your office?

Mr. LANE. Partly, probably; and partly through our salesmen, and other ways we have of selling, which are many.

Mr. UNTERMYER. I want to inquire of you concerning the purchase of securities of the New York, New Haven & Hartford. Have you made purchases during the last few years of the securities of the New York, New Haven & Hartford Co; for instance, in January, 1911, $10,000,000 of bonds?

Mr. LANE. Yes.

Mr. UNTERMYER. You remember that one, do you not?

Mr. LANE. No bonds; no.

Mr. UNTERMYER. Notes, were they?

Mr. LANE. They were notes.

Mr. UNTERMYER. Through whom did you buy them?

Mr. LANE. J. P. Morgan & Co.

Mr. UNTERMYER. Did you also make a purchase of New Haven notes in January, 1907, of $7,000,000?

Mr. LANE. We did, with others. We bought those bonds.

Mr. UNTERMYER. With what others?

Mr. LANE. The First National Bank of Boston, and Hornblower & Weeks, Boston bankers.

Mr. UNTERMYER. Did you, in January, 1912, make another purchase of New Haven notes?

Mr. LANE. We did.

Mr. UNTERMYER. Of how much?

Mr. LANE. $10,000,000.

Mr. UNTERMYER. Through whom?

Mr. LANE. J. P. Morgan & Co.

Mr. UNTERMYER. And in November, 1912, did you make another purchase of New Haven notes?

Mr. LANE. We did.

Mr. UNTERMYER. Of how many?

Mr. LANE. Seven and one-half million.

Mr. UNTERMYER. Through whom?

Mr. LANE. J. P. Morgan & Co.

Mr. UNTERMYER. In the cases in which you made, through J. P. Morgan & Co., these purchases of notes or bonds of the New Haven Railroad or the Maine Central, do you know at what price J. P. Morgan & Co. acquired the notes or bonds, or whether they acquired them?

Mr. LANE. I do not know.

Mr. UNTERMYER. Or do you know whether they were selling them for the company?

Mr. LANE. You will have to ask me in each particular case. I am afraid I can not make a general answer to that.

Mr. UNTERMYER. Do you know whether in any one of those cases they themselves at first bought the notes and then resold them to you; and, if so, what was the difference between the price at which they took them from the road and the price at which they resold them?

Mr. LANE. I beg your pardon, but it seems to me that that is a question I ought not to be asked to answer. That is a question which concerns the business of my firm——

Mr. UNTERMYER. No; it does not.
Mr. LANE. The private business—excuse me—of——
Mr. UNTERMYER. No——
Mr. LANE. I beg your pardon; may I finish?
Mr. UNTERMYER. Yes.
Mr. LANE. I do not think there is anything we should be asked to disclose.
Mr. UNTERMYER. Now, let us see. Whether Messrs. J. P. Morgan & Co. made a profit out of the New Haven road on the sale of these bonds to you, how does that concern your business? I am not asking you what profit you made; I am asking you if you know how they dealt with those bonds in connection with the New Haven road.
Mr. LANE. They have dealt with the New Haven road, I assume——
Mr. UNTERMYER. I am not asking for any assumptions. They are not important or valuable to us. If you know the facts, I would like to have the facts.
Mr. LANE. I do not know and never knew what the New Haven Railroad paid Messrs. J. P. Morgan & Co. as commission on sales made to the road by them until I saw the copy of this letter brought out by this committee.
Mr. UNTERMYER. Do you know whether these particular issues of bonds or any of them were bought by J. P. Morgan & Co. outright from the New Haven road, or whether they were handled on a commission basis?
Mr. LANE. That you would have to ask them.
Mr. UNTERMYER. Do you know?
Mr. LANE. No; I do not. I have never inquired as to that.
Mr. UNTERMYER. You have done a great deal of business in joint account with Kissell, Kinnicutt & Co., have you not?
Mr. LANE. We have done some.
Mr. UNTERMYER. You have done a great deal, have you not?
Mr. LANE. No; not a great deal.
Mr. UNTERMYER. The New York, Westchester & Boston Railroad——
Mr. LANE. That was not in joint account.
Mr. UNTERMYER. It was not? Did you take an underwriting through them?
Mr. LANE. We had a small underwriting; a small participation.
Mr. UNTERMYER. A million dollars?
Mr. LANE. I think likely. You have it before you.
Mr. UNTERMYER. Well, it was a million dollars?
Mr. LANE. I will look and see, if you want me to. I can not carry all these transactions in my head. I wish I could.
Mr. UNTERMYER. We are not scolding you at all.
Mr. LANE (referring to memorandum). We had a participation of a million dollars.
Mr. UNTERMYER. You call that small, do you?
Mr. LANE. I do not call it large.
Mr. UNTERMYER. How large was the issue?
Mr. LANE. I do not recollect. A good many millions.
Mr. UNTERMYER. Now take the National Tube Co. Did you take an issue of bonds in the National Tube Co. in joint account with Kissell, Kinnicutt & Co. in April, 1912?
Mr. LANE. I think not.

Mr. UNTERMYER. Did you and they jointly take a participation of $3,000,000?
Mr. LANE. We did.
Mr. UNTERMYER. Under J. P. Morgan & Co.?
Mr. LANE. We underwrote $3,000,000 of that issue.
Mr. UNTERMYER. What was the issue?
Mr. LANE. The National Tube Co.——
Mr. UNTERMYER. How much was the issue?
Mr. LANE. I do not know.
Mr. UNTERMYER. Do you not remember?
Mr. LANE. No; I do not remember.
Mr. UNTERMYER. That was only April, 1912.
Mr. LANE. That may be. My memory may not be as good as yours—probably is not as good as yours—but I am telling you the truth, and I do not remember.
Mr. UNTERMYER. Did you make a public issue?
Mr. LANE. We did not issue them; we simply underwrote.
Mr. UNTERMYER. You simply underwrote a million dollars in that issue?
Mr. LANE. Yes.
Mr. UNTERMYER. And what the amount of the issue was you do not know?
Mr. LANE. No, sir.
Mr. UNTERMYER. The National Tube Co. is a subsidiary of the United States Steel Corporation, is it not?
Mr. LANE. It is.
Mr. UNTERMYER. That participation was tendered you by whom?
Mr. LANE. My recollection in that is that Kissel, Kinnicutt & Co. asked us to take that with them jointly.
Mr. UNTERMYER. And it came to them through whom?
Mr. LANE. That you must ask them.
Mr. UNTERMYER. Do you not know?
Mr. LANE. I assume it did, but you told me you would not take anything I assumed.
Mr. UNTERMYER. Do you not know?
Mr. LANE. I do not know as a fact how that came.
Mr. UNTERMYER. You knew who were issuing the securities, did you not?
Mr. LANE. I presume I did; yes.
Mr. UNTERMYER. And it was J. P. Morgan & Co. and the First National and the City Bank?
Mr. LANE. That may be. I have not got it before me now.
Mr. UNTERMYER. Will you not look and see? I think you will find you have it before you.
Mr. LANE (after examining papers). Yes.
Mr. UNTERMYER. Is that right?
Mr. LANE. Yes; that is right.
Mr. UNTERMYER. Have you participated in a number of issues of securities of steel companies that were subsidiaries of the United States Steel Corporation, in practically the same way?
Mr. LANE. Yes, some of them. A few.
Mr. UNTERMYER. They are all within the last few years, are they not?
Mr. LANE. Yes; two or three; three or four.

Mr. UNTERMYER. What were they?
Mr. LANE. I think one is the Lorain Steel Co.
Mr. UNTERMYER. And the Illinois Steel Co.?
Mr. LANE. The Illinois Steel Co., and the Indiana.
Mr. UNTERMYER. And the Union Steel Co.?
Mr. LANE. I do not remember that.
Mr. UNTERMYER. Just look and see if you did not participate in the Union Steel? That is a subsidiary of the United States Steel Corporation, is it not?
Mr. LANE. I am not certain as to that.
Mr. UNTERMYER. You do not know whether the Union Steel Co. is a subsidiary of the United States Steel Corporation?
Mr. LANE. No, sir.
Mr. UNTERMYER. Are you not a director of the United States Steel Corporation?
Mr. LANE. Yes.
Mr. UNTERMYER. You are; and you do not know the names of its subsidiary companies?
Mr. LANE. Not all of them.
Mr. UNTERMYER. The Union Steel Co. is a very large company?
Mr. LANE. I take your word for it.
Mr. UNTERMYER. I ask you.
Mr. LANE. I have said that I——
Mr. UNTERMYER. As a director of the United States Steel Corporation I hope you will not take my word as to the property of that company.
Mr. LANE. I understood you to say that it was a very large company.
Mr. UNTERMYER. I do not know whether it is or not.
Mr. LANE. I do not know how large it is.
Mr. UNTERMYER. Do you know from whom it was acquired?
Mr. LANE. No.
Mr. UNTERMYER. Were you not one of the original directors of the United States Steel Corporation at its organization?
Mr. LANE. I was not. I have been a director of the United States Steel Corporation for a short time only.
Mr. UNTERMYER. Let us see whether you were interested as a participant in the Union Steel Co.
Mr. LANE. We had a participation of $50,000 underwriting through the Guaranty Trust Co. of New York.
Mr. UNTERMYER. Yes; that was when?
Mr. LANE. That was in 1909.
Mr. UNTERMYER. Did you make an issue of Western Electric Co. securities?
Mr. LANE. We did.
Mr. UNTERMYER. Jointly or alone?
Mr. LANE. We made it alone.
Mr. UNTERMYER. What was the amount of that issue?
Mr. LANE. $8,750,000.
Mr. UNTERMYER. That was when?
Mr. LANE. January, 1910.
Mr. UNTERMYER. Did you make another issue for them of bonds the same year?
Mr. LANE. In November, 1910.

Mr. UNTERMYER. How much was that?
Mr. LANE. $6,250,000.
Mr. UNTERMYER. Is that a controlled company or is it an independent company?
Mr. LANE. I believe it is controlled by the American Telephone & Telegraph Co.
Mr. UNTERMYER. Is it a competitor of the General Electric Co.?
Mr. LANE. No; not so far as I understand.
Mr. UNTERMYER. Or of the Westinghouse Co.?
Mr. LANE. Not so far as I understand.
Mr. UNTERMYER. Is it in the same line of business?
Mr. LANE. I think not. It may be that the three companies may do the same business in competition, but not so far as I know.
Mr. UNTERMYER. I want to ask you about the Virginia Railway. Your firm made an issue of securities there, did they not, of that company?
Mr. LANE. They did.
Mr. UNTERMYER. How large an issue?
Mr. LANE. $25,000,000.
Mr. UNTERMYER. $25,000,000 of bonds. And when was it made?
Mr. LANE. March, 1912.
Mr. UNTERMYER. Were they first-mortgage bonds?
Mr. LANE. They were first mortgage 5 per cent bonds.
Mr. UNTERMYER. Was that issue made jointly with any other banking house?
Mr. LANE. It was made jointly with Kissel, Kinnicutt & Co., and, I think, the City Bank.
Mr. UNTERMYER. And the National City Bank?
Mr. LANE. Yes. When I say jointly I mean to say that it was advertised jointly by the three, but it was not a joint transaction.
Mr. UNTERMYER. I see that in the statement furnished you have omitted the City Bank. Should that be included?
Mr. LANE. We bought the bonds from the City Bank.
Mr. UNTERMYER. Oh.
Mr. LANE. And they joined in advertising them.
Mr. UNTERMYER. But when they advertised them they had no interest in them?
Mr. LANE. They had an interest simply as underwriters.
Mr. UNTERMYER. I do not see them named among the underwriters here.
Mr. LANE. The National City Bank is the first of all on the list.
Mr. UNTERMYER. Oh, yes; I see. The Guaranty Trust Co. was also an underwriter?
Mr. LANE. Yes.
Mr. UNTERMYER. And the Bankers' Trust Co.?
Mr. LANE. Yes.
Mr. UNTERMYER. And the Chase Bank?
Mr. LANE. Yes, it was. May I explain what our underwritings are?
Mr. UNTERMYER. Very well.
Mr. LANE. We are dealers in bonds primarily, and we give out underwriting for two purposes, and I may say that both purposes are almost one and the same. It is with us merely a method of insurance. If we buy a large issue of bonds, we do not wish to carry the whole issue ourselves. We therefore divide the risk perhaps with many

institutions and private banks, perhaps with only a few, each case depending upon itself. The underwriters take a real and absolute risk. If the issue is not a success, they are obliged to take their proportion of the bonds and pay for them. If the issue is a success, they make a small profit.

Mr. UNTERMYER. That is what all underwriting is, is it not?

Mr. LANE. May I go on one step further and say that we also give our underwritings to bankers and banks who will sell and can sell, who have a distributing power for the goods that we purchase? That is another form of insurance also, because there we insure a certain number of sales.

Mr. UNTERMYER. They are not called upon to sell if you are unable to distribute the issue yourself?

Mr. LANE. They may be called upon to sell. It may be understood at the very beginning that they are to sell.

Mr. UNTERMYER. But ordinarily, underwriting is insurance to you against your being required to take the bonds?

Mr. LANE. It is both. In some cases it is against our being forced to take the bonds if the issue is not successful and also underwriting to insure sales.

Mr. UNTERMYER. But underwriting as described by you is no different from underwriting as generally understood, is it?

Mr. LANE. Each firm has its own way of handling their business, and I can not speak of the way they do theirs; I can only speak of the way we handle ours.

Mr. UNTERMYER. You know how other people handle issues, do you not?

Mr. LANE. I know that many houses handle it substantially and practically as we do.

Mr. UNTERMYER. And is it not your understanding that the general acceptation of underwriting is about as you have described it?

Mr. LANE. It is about that. It is insurance; nothing but insurance.

Mr. UNTERMYER. This Virginian Railway runs from where to where?

Mr. LANE. It runs from Norfolk to the coal fields in western Virginia.

Mr. UNTERMYER. And taps also the Ohio coal fields over the bridge.

Mr. LANE. It may tap them.

Mr. UNTERMYER. It is from the bituminous fields of West Virginia and Ohio to tidewater?

Mr. LANE. The real business of that is West Virginia coal. That is really the substantial business.

Mr. UNTERMYER. And with what roads does it compete, or with what roads is it a potential competitor?

Mr. LANE. I should say the Norfolk & Western is the principal road, and perhaps the Baltimore & Ohio.

Mr. UNTERMYER. Any others?

Mr. LANE. Those are the ones that happen to occur to me as being real, potential competitors.

Mr. UNTERMYER. And the Chesapeake & Ohio?

Mr. LANE. Yes.

Mr. UNTERMYER. Does it compete with the new Clinchfield line?

Mr. LANE. I do not know whether it does to any extent or not.

Mr. UNTERMYER. Do you know who presented the proposition for the sale of those bonds?

Mr. LANE. Presented it to whom?

Mr. UNTERMYER. The original proposition of the railway company?

Mr. LANE. I do not.

Mr. UNTERMYER. The Norfolk & Western is controlled by what road?

Mr. LANE. I do not know that it is controlled by any.

Mr. UNTERMYER. Do you not know the general acceptation or general understanding?

Mr. LANE. The general understanding is that the Pennsylvania has a considerable interest in the Norfolk & Western, but whether it has control or not I have no means of knowing.

Mr. UNTERMYER. The Virginian Railway is a very recent railroad venture, is it not?

Mr. LANE. Quite so.

Mr. UNTERMYER. By the late H. H. Rogers?

Mr. LANE. He began it.

Mr. UNTERMYER. He began it. Did he complete it?

Mr. LANE. I think he died before it was completed.

Mr. UNTERMYER. Has there been any competition between the Virginian Railway and the Norfolk & Western, so far as you know, since the sale of these bonds?

Mr. LANE. There has been absolutely no change in their relations.

Mr. UNTERMYER. Has there been any competition since then, if you know? Are you a director in the Virginian?

Mr. LANE. I am not.

Mr. UNTERMYER. Or the Norfolk & Western?

Mr. LANE. I am not.

Mr. UNTERMYER. Do you not know whether there has been any competition since March, 1912?

Mr. LANE. I know of no change that has occurred, no change in the relations that existed prior to the purchase of those bonds?

Mr. UNTERMYER. Do you know whether there has been any or not?

Mr. LANE. I know I have ridden over the Virginian Railway, and I have seen the Norfolk & Western running alongside it, and my presumption is that both roads have been out for the business.

Mr. UNTERMYER. So that it is your idea, when you see two roads running the same way, that they are competing?

Mr. LANE. Maybe, if they reach the same terminal point.

Mr. UNTERMYER. Do you know how many roads run between the anthracite coal district and tidewater?

Mr. LANE. I have never counted them.

Mr. UNTERMYER. There are eight.

Mr. LANE. That is very likely.

Mr. UNTERMYER. You know they are under the control of one interest—the Reading interest—and they run side by side, too; they carry coal?

Mr. LANE. I am not an expert on those railroads.

Mr. UNTERMYER. What I want to find out is why you should say that the Virginian and the Norfolk & Western are competitors because their rails run side by side.

Mr. LANE. I believe that they are competing railroads, because they run in the same general direction, and, so far as I know, they are entirely independent companies. Each is operated for the benefit of its stockholders.

Mr. UNTERMYER. Do you know anything about it?
Mr. LANE. I know something about it by general information.
Mr. UNTERMYER. You recognize what I mean by potential competition and actual competition?
Mr. LANE. I should say there was both.
Mr. UNTERMYER. I am trying to find out what you know about it.
Mr. LANE. Yes.
Mr UNTERMYER. You say you are not a director of either road?
Mr. LANE. I am not.
Mr. UNTERMYER. Have you made any inquiry; and if so, from whom?
Mr. LANE. I have been over the road, and I have talked with officials of the road.
Mr. UNTERMYER. You have been over the road how often?
Mr. LANE. I have been over it on an inspection tour, with considerable care.
Mr. UNTERMYER. Once?
Mr. LANE. Once.
Mr. UNTERMYER. With whom have you talked?
Mr. LANE. With officials of the road.
Mr. UNTERMYER. Whom?
Mr. LANE. The president.
Mr. UNTERMYER. The president of the Virginian Railway?
Mr. LANE. Yes.
Mr. UNTERMYER. Mr. Broughton?
Mr. LANE. I beg your pardon; it was not the president. It was the vice president and operating man.
Mr. UNTERMYER. Who was that?
Mr. LANE. I can not recall his name at the moment.
Mr. UNTERMYER. When was that?
Mr. LANE. That was about the time we bought these bonds; March.
Mr. UNTERMYER. Have you given us the extent of your information as to whether these roads actually compete now? Have you given us the fullest extent?
Mr. LANE. The full extent? I do not know what you mean by that.
Mr. UNTERMYER. Have you given us all the information you have as to competitive conditions of those two roads?
Mr. LANE. I have told you——
Mr. UNTERMYER. Have you given us all that you have? If you have not, we will take whatever else you may know on the subject.
Mr. LANE. I have been over the road.
Mr. UNTERMYER. You have told us so.
Mr. LANE. I have talked with the officials.
Mr. UNTERMYER. You mean with the vice president?
Mr. LANE. The vice president and other officials also.
Mr. UNTERMYER. Which others?
Mr. LANE. The operating men who were in the train at the time.
Mr. UNTERMYER. How long was this tour of inspection?
Mr. LANE. It lasted several days.
Mr. UNTERMYER. Did you ask him whether there was competition?
Mr. LANE. Yes; of course I asked them.

Mr. UNTERMYER. That was before you bought the bonds, was it not?

Mr. LANE. It was either just before or just after we bought the bonds; I can not tell.

Mr. UNTERMYER. You do not mean to say that you waited until after you bought the bonds before you inspected the road?

Mr. LANE. Yes.

Mr. UNTERMYER. It was just after you bought the bonds?

Mr. LANE. Just after we bought the bonds.

Mr. UNTERMYER. Immediately after?

Mr. LANE. I should say so; yes. I should like to say that we had full reports on the property before we went over it, and the purpose of going over the road was in order that every bond man, or nearly every bond man, in our organization might see the property and know what the property was, and understand the value of the bonds, the value of the goods that he was selling, so that when he went out to sell those bonds he could go to a purchaser and give him a very complete and full account of the property and bonds.

Mr. UNTERMYER. Do you know enough of the history of the Virginian Railway to recall the fight they had with the Norfolk & Western in getting that road completed?

Mr. LANE. I know nothing about the old history of the Virginian Railway.

Mr. UNTERMYER. Do you know enough about it to know about the difficulty they had in getting across the bridge across the Ohio River, so as to tap the Ohio fields?

Mr. LANE. I read about it in the papers at the time, but I was not interested.

Mr. UNTERMYER. You were going to buy the bonds, and you did not get interested after reading about it in the newspapers?

Mr. LANE. No; it had no bearing on the value of the bonds.

Mr. UNTERMYER. Do you know when the Norfolk & Western and the Chesapeake & Ohio finally permitted the Virginian Railway to cross the Ohio on their bridge?

Mr. LANE. I do not.

Mr. UNTERMYER. Do you know whether they are going over there now?

Mr. LANE. I do not know. I know this——

Mr. UNTERMYER. I am sure you know a great many things, but do you know that particular thing?

Mr. LANE. I do.

Mr. UNTERMYER. Did you read that in the papers?

Mr. LANE. Yes.

Mr. UNTERMYER. Tell us what it is that you do know.

Mr. LANE. I will not volunteer any information, Mr. Untermyer. If you have any questions to ask I will answer them to the best of my ability.

Mr. UNTERMYER. Will you read the last question?

The question was repeated by the stenographer, as follows:

Mr. UNTERMYER. And do you know whether they are going over there now?
Mr. LANE. I do not know. I know this——
Mr. UNTERMYER. I am sure you know a great many things, but do you know that particular thing?
Mr. LANE. I do.

Mr. UNTERMYER. Can you tell us whether or not at or about the time these bonds were issued, any arrangements for stock interests in the Virginia road were made with anybody?

Mr. LANE. Not as far as I know.

Mr. UNTERMYER. Do you know anything about it?

Mr. LANE. No, I do not. Do I know? I know nothing about it one way or the other.

Mr. UNTERMYER. Do you know whether any interest connected with the Norfolk & Western Railway, or bankers connected with it, acquired any part of that stock?

Mr. LANE. I do not know.

Mr. UNTERMYER. In the statement you have furnished you have said with respect to certain cases like the Portland Railway, Light & Power Co., and the Union Bag & Paper Co., and others, that you bought jointly with this, that, or the other house, Drexel's and the City Bank?

Mr. LANE. Yes.

Mr. UNTERMYER. In this case are we to understand that they participated with you on the same terms with you?

Mr. LANE. Where it was a joint purchase it means the same terms.

Mr. UNTERMYER. In the other cases in which you gave participations here, then, the participants were what you call underwriters or syndicates?

Mr. LANE. Yes.

Mr. UNTERMYER. And they participated on different terms?

Mr. LANE. They may and may not. It depends on the terms of the underwriting syndicate.

Mr. UNTERMYER. Where you buy securities in the form of a syndicate, the underwriters in that syndicate do not participate on the same terms?

Mr. LANE. That has been known to happen.

Mr. UNTERMYER. But that is not the rule?

Mr. LANE. The banker always gets and is entitled to a commission. He is entitled to a small commission; a moderate commission.

Mr. UNTERMYER. What is your view as to the advisability of allowing cumulative voting in financial distributions?

Mr. LANE. My view is that it would be a most unfortunate thing if it were allowed.

Mr. UNTERMYER. Why?

Mr. LANE. Because, in the first place, I believe in the rule of the majority, providing it does not injure the minority.

Mr. UNTERMYER. But if the rule of the majority be absolute, how are you going to protect the minority if it is to have no representation?

Mr. LANE. I think all of the companies which I have known or with which I have been connected have always given attention to the minority.

Mr. UNTERMYER. You mean voluntarily?

Mr. LANE. Voluntarily and willingly, and I think that the fact that the directors of all large corporations are men not only of ability, but of high character and honor, assures the minority protection.

Mr. UNTERMYER. So that covering the whole country, this vast country and all its great enterprises, you desire to have the committee to understand that all the men in all the boards of directors of all hese companies are men of high and unimpeachable honor?

Mr. LANE. I have great faith in the people of this country, and I have faith that of all the concerns that I know the boards of directors are men of honor and would not disregard the just and proper wishes of the stockholders.

Mr. UNTERMYER. Is that also your view and your idea, taking that optimistic view, that all men are of high and unimpeachable honor, whether in or out of the boards of directors?

Mr. LANE. I do not. I know of some that are not; and there may be some men occasionally, or some man in a directorate who is not a man of honor, but he does not stay there very long, if he is not.

Mr. UNTERMYER. After he is found out? You mean he does not stay very long after he is found out?

Mr. LANE. If he is known to be a dishonorable man, yes.

Mr. UNTERMYER. Then, on that theory, you think that the minority interest in a corporation should have no legal right or representation?

Mr. LANE. I think it might result in doing more harm than good.

Mr. UNTERMYER. How?

Mr. LANE. I can conceive of some one perfectly easily injuring, we will say, a bank, or any kind of corporation.

Mr. UNTERMYER. Can you also conceive of the possibility of a man who owns 51 per cent injuring the bank just as readily as a man owning 49 per cent injuring the same bank?

Mr. LANE. I of course can conceive of anyone going wrong, Mr. Untermyer.

Mr. UNTERMYER. It is easier for a man with 51 per cent in a bank to injure the bank than it is for a man with 49 per cent, even if he had a minority representation, is it not?

Mr. LANE. I can not conceive of a case where the control of a bank would rest with a dishonest man. The immediate result of that would be that the deposits would be withdrawn from the bank, and the bank would practically have to go out of business.

Mr. UNTERMYER. You have never heard of a case where a dishonest man had that control of banks for many years, have you?

Mr. LANE. Not where the banks have been potential and influential banks.

Mr. UNTERMYER. You have not any such instance in mind?

Mr. LANE. I have not any such instance in mind.

Mr. UNTERMYER. Such as the Walsh banks in Chicago. You do not remember those, do you?

Mr. LANE. I remember them now that you mention them.

Mr. UNTERMYER. Or the Globe bank in your own city?

Mr. LANE. That was a small bank.

Mr. UNTERMYER. For its time?

Mr. LANE. I should say it was not a large bank.

Mr. UNTERMYER. Have you given us now all the reasons that occur to you why minority representation should not be permitted in financial corporations?

Mr. LANE. I should have to think of that; that is rather a sweeping question, Mr. Untermyer.

Mr UNTERMYER. But you have given us all the reasons that now occur to you?

Mr. LANE. I should want to think of that and put my ideas in writing. I think that a law like that would be aiming to correct what

you think is a possible evil, and it might do a great deal more harm than it would do good.

Mr. UNTERMYER. But you can not give us any reason?

Mr. LANE. Yes; I have given you reasons already.

Mr. UNTERMYER. You have given us all that occur to you?

Mr. LANE. I have given you all that occur to me at this moment, but I might think of many more 10 minutes from now.

Mr. UNTERMYER. We are much obliged to you, Mr. Lane. That is all.

Mr. LANE. Thank you.

Witness excused.

Mr. UNTERMYER. Before Mr. Hine takes the stand I would like to have marked in evidence these data from the National City Bank, the Illinois Trust & Savings Bank of Chicago, the First National Bank of Chicago, and Harvey Fisk & Sons.

The four sets of documents referred to were marked, respectively, "Exhibits 230, 231, 232, and 233, January 24, 1913," and will be found printed at the end of this day's proceedings.

TESTIMONY OF FRANCIS L. HINE.

The witness was sworn by the chairman.

Mr. UNTERMYER. Mr. Hine, where do you live?

Mr. HINE. In New York City.

Mr. UNTERMYER. Are you president of the First National Bank of New York?

Mr. HINE. I am.

Mr. UNTERMYER. Are you also president of the First Security Co.?

Mr. HINE. I am not.

Mr. UNTERMYER. Who is the president of that?

Mr. HINE. Mr. George F. Baker.

Mr. UNTERMYER. He is the chairman of the board of directors of the First National Bank of New York?

Mr. HINE. Yes.

Mr. UNTERMYER. Will you be good enough to state the names of the financial institutions in New York City of which you are a director?

Mr. HINE. Aside from the First National?

Mr. UNTERMYER. Yes.

Mr. HINE. The Chase National Bank, the Bank of Commerce, the Liberty National, the Bankers' Trust, the Astor Trust, and the Brooklyn Trust.

Mr. UNTERMYER. You are not in the Guaranty Trust?

Mr. HINE. No.

Mr. UNTERMYER. In how many other corporations are you a director?

Mr. HINE. I think in about 35 others.

Mr. UNTERMYER. Mostly interstate corporations?

Mr. HINES. Yes.

Mr. UNTERMYER. Are they mainly industrial, or do they include railroads?

Mr. HINE. Mainly industrial. They include railroads, however.

Mr. UNTERMYER. Are you a member of the executive committees of any of those financial institutions in New York that you have designated?

Mr. HINE. I am.

Mr. UNTERMYER. In which of these institutions are you a member of the executive committee, and in each instance, please, state the number constituting the executive committee, if you remember. Take first the Chase Bank.

Mr. HINE. There is no executive committee.

Mr. UNTERMYER. There are only nine directors?

Mr. HINE. Yes.

Mr. UNTERMYER. The First National Bank; I assume you are a member of the executive committee?

Mr. HINE. I am.

Mr. UNTERMYER. How many members are there of that?

Mr. HINE. Three, aside from the chairman, who is a member ex officio.

Mr. UNTERMYER. Those three are who?

Mr. HINE. Mr. Morgan, Mr. Hepburn, and myself, and Mr. Baker ex officio.

Mr. UNTERMYER. I believe that is an inactive committee?

Mr. HINE. Yes.

Mr. UNTERMYER. Is there an executive committee in the First Security Co.

Mr. HINE. No.

Mr. UNTERMYER. Is the personnel of the board of directors of the First Security Co. identical with that of the First National Bank?

Mr. HINE. It is.

Mr. UNTERMYER. And the trustees of the stock of the First Security Co. are those designated in the agreement that is in eivdence?

Mr. HINE. Yes.

Mr. UNTERMYER. There has been no change in that?

Mr. HINE. No change.

Mr. UNTERMYER. In the Bank of Commerce, are you a member of the executive committee?

Mr. HINE. Pardon me. I think there has been one change in the trustees. Mr. Norton was substituted for Mr. Lamont.

Mr. UNTERMYER. Did Mr. Lamont go out of the board?

Mr. HINE. He did not go out of the board. He ceased to be a trustee because he ceased to be an officer.

Mr. UNTERMYER. When he ceased to be an officer of the First National Bank he ceased to be a trustee of the First Security Co.?

Mr. HINE. Yes.

Mr. UNTERMYER. Then, the trustees of the First Security Co. are made up from time to time by changing the officers of the First National Bank?

Mr. HINE. They are.

Mr. UNTERMYER. As to the Bank of Commerce, are you a member of the executive committee?

Mr. HINE. I am.

Mr. UNTERMYER. Do you remember the number constituting that committee?

Mr. HINE. I think there are nine.

Mr. UNTERMYER. Are you on the executive committee of the Liberty Bank?

Mr. HINE. I am not.

Mr. UNTERMYER. Or the Bankers' Trust?

Mr. HINE. Yes, sir; the Bankers' Trust.

Mr. UNTERMYER. And the Astor Trust?

Mr. HINE. No.

Mr. UNTERMYER. Or the Brooklyn Trust?

Mr. HINE. The Brooklyn Trust; yes.

Mr. UNTERMYER. Do you remember the number of persons constituting the executive committees of the Bankers' and the Brooklyn Trust?

Mr. HINE. I think 5 in the Brooklyn Trust and 10 in the Bankers' Trust. That is my recollection, but I am not sure.

Mr. UNTERMYER. You have been asked for certain data since the last meeting. Have you brought it with you?

Mr. HINE. Our counsel, Senator Spooner, received a letter from you which he presented to us.

Mr. UNTERMYER. And have you that data with you?

Mr. HINE. As I remember, you asked for a list of the stocks held by the First Security Co.

Mr. UNTERMYER. Of the securities held by the First Security Co. at the time it was taken over, and as now held, together with their market values then and now. Have you that?

Mr. HINE. I do not remember that you asked for that information—market values then and now. In any event, we made no estimates of the market values. I have with me the list of securities which was presented to you by Mr. Baker.

Mr. UNTERMYER. Which I returned?

Mr. HINE. Yes.

Mr. UNTERMYER. I do not think it is necessary for the committee. I do not think the committee cares to have any public statement of the details of those securities, but we would like to know the market values of these securities at the time they were taken over.

Mr. HINE. It would be impossible to state the market values for the reason that many of them have no general markets.

Mr. UNTERMYER. But most of them were railroad securities, were they not?

Mr. HINE. No; most of them were not.

Mr. UNTERMYER. Well, 28,000 shares of the stock of the Chase Bank was among them, was it not?

Mr. HINE. No; it was not at the time they were turned over.

Mr. UNTERMYER. At the time the First National was turned over?

Mr. HINE. At the time the First National sold its shares.

Mr. UNTERMYER. Well, how soon after that——

Mr. HINE. The First National sold any Chase National Bank to the Security Co.——

Mr. UNTERMYER. But the First Security Co. acquired about 28,000 shares of the Chase National Bank at the time of its organization, did it not?

Mr. HINE. Not at the time of the organization.

Mr. UNTERMYER. How soon after?

Mr. HINE. I can not state.

Mr. UNTERMYER. A day?
Mr. HINE. I can not state.
Mr. UNTERMYER. I do not care about 24 hours, but about the time?
Mr. HINE. Well, within three years.
Mr. UNTERMYER. Well, within three days?
Mr. HINE. No.
Mr. UNTERMYER. There were 28,000 shares acquired, anyway?
Mr. HINE. There were.
Mr. UNTERMYER. They were worth how much a share?
Mr. HINE. At the time they were acquired?
Mr. UNTERMYER. Yes.
Mr. HINE. I am unable to state.
Mr. UNTERMYER. Were they not worth $500 a share?
Mr. HINE. I am unable to state.
Mr. UNTERMYER. At what price were they sold to Mr. Wiggin?
Mr. HINE. That I prefer not to state.
Mr. UNTERMYER. Was it not $700 a share?
Mr. HINE. I prefer not to state.
Mr. UNTERMYER. Assuming their value at $500 a share when they were turned over, that would be upwards of $7,000,000, would it not?
Mr. HINE. You have a sharp pencil there.
Mr. UNTERMYER. Yes, and you have a good memory. I assumed that you knew how to figure.
Mr. HINE. Thank you.
Mr. UNTERMYER. Is it not a fact that the value of the securities turned over to the First Security Co., including these shares of the Chase Bank stock, was upwards of $50,000,000?
Mr. HINE. I am not prepared to admit that that is information we could give to the committee. I unequivocally state it was not.
Mr. UNTERMYER. Then please state approximately what it was.
Mr. HINE. I am unable to state even approximately what it was.
Mr. UNTERMYER. Was it $40,000,000?
Mr. HINE. I am unable to state approximately what it was.
Mr. UNTERMYER. Do you not see the materiality of that for the purposes of the committee, in this respect: The First National turned over for $10,000,000 these securities; that is, it declared a dividend of $10,000,000 which the stockholders turned back in return for all the stock of the First Security Co., did they not?
Mr. HINE. If the committee will permit me the privilege, I will make a statement as briefly and as fully as I can, which I think will cover the point which you are aiming at.
Mr. UNTERMYER. Please do so.
Mr. HINE. Perhaps the committee would also allow me the privilege of going back for a few years.
Mr. UNTERMYER. You want to complete to-night and so do we, and there are a great many questions to be asked you.
Mr. HINE. This will take a very short time.
Mr. UNTERMYER. If you will be good enough to make your explanation in your own way as to the securities that were turned over in return for this $10,000,000, then I think that will answer every purpose.
Mr. HINE. As bearing, however, upon this transaction, and that the committee may have the fullest information, if they will kindly allow me just a moment——

Mr. UNTERMYER. Go right on, then.

Mr. HINE. I will preface my statement in regard to this——

Mr. UNTERMYER. Perhaps that will take less time.

Mr. HINE. As Mr. Baker stated to you, when the First National Bank was organized, and for many years after that, it dealt almost exclusively in Government bonds.

Mr. UNTERMYER. For how long?

Mr. HINE. For several years after that.

Mr. UNTERMYER. Until what time.?

Mr. HINE. Exclusively. I will not state the time, but it was for quite a period.

Mr. UNTERMYER. Until 1870 or 1880?

Mr. HINE. I would say perhaps that.

Mr. UNTERMYER. But you see we are going back beyond the time when you were born, almost..

Mr. HINE. You accorded me this privilege, for one moment——

Mr. UNTERMYER. Go on, if it is not going to take too long.

Mr. HINE. I think it might interest the committee to know that in November, 1864, by resolution of the board of directors, the investments of the bank were limited to purchases in United States Government bonds and to loans upon United States Government bonds as collateral security, aside from the bills receivagle which it accepted from its correspondents. After that, it organized and participated to a very large extent in all the Government war issues and all subsequent issues. There has not been an issue of United States Government bonds from that time to this in which the First National Bank was not very largely interested by way of a proposition to buy—not one. While supporting this Government to an extent to which no national bank in this country has ever supported it, it also profited largely thereby. It profited quite largely.

The CHAIRMAN. While I am sure that this is interesting, it is really not germane to the question propounded by the counsel for the committee, and as I understand, not germane to the privilege granted you to explain. I will state the rule, and you are a man who will understand the value of words absolutely. The rule is this: You can answer a question yes or no, or that you do not know or do not remember; and you have a right to make an explanation of any question, providing the explanation is germane. If you decline to answer a question or desire to confer with counsel before you do so, you have that privilege. We have adopted and have to enforce that regulation as to all, and of course it must apply to you. I do not want to terminate your statement, but the report of the Comptroller of the Currency will show all these figures in reference to bonds, and so forth, I think, and the committee is familiar with that, and has access to the documents upon that point. With all due respect, we suggest that you confine yourself as far as possible to the question propounded.

Mr. HINE. I assumed, Mr. Chairman, that I was within the limits you had accorded me; but I was right at the point. In 1901, when the capital of the bank was enlarged, Mr. Baker, who had lost two of his associates, two out of the four parties who had owned between 80 and 90 per cent of the bank, and who desired to get new blood into the bank, considered that it was wise for the bank to increase its capital. By a unanimous vote of the board of directors, by the approval and assent of every shareholder, the board sold to Mr.

Baker 40,000 shares of the stock of the First National Bank, at $300 a share, which was a higher price than either Mr. Fannestock or I considered it worth, I may say. By that $8,000,000 were added to the surplus of the bank.

Mr. UNTERMYER. Are you ready to answer questions now, Mr. Hine?

Mr. HINE. I thought that I was answering your question. I am coming up to the security company.

Mr. UNTERMYER. No; I think you had better answer questions.

Mr. HINE. I will answer the question if you will permit me.

Mr. Baker used this stock with no profit for himself. He did, however, secure an enlisting of new interests in the bank, such as Mr. James J. Hill, Mr. D. Willis James, Judge Moore, and others.

Mr. UNTERMYER. Mr. Daniel G. Reid?

Mr. HINE. Not so far as I remember.

Mr. UNTERMYER. Mr. Reid not interested in the First National Bank?

Mr. HINE. I am speaking of this transaction.

Mr. UNTERMYER. Did he not become interested at the time Judge Moore did, in 1901?

Mr. HINE. I think he did acquire some of the stock.

Mr. UNTERMYER. Yes; and he has been interested ever since, has he not?

Mr. HINE. I think he is still a stockholder, sir. And if you will allow me——

Mr. UNTERMYER. Oh, well——

Mr. HINE. Mr. Baker sold that stock in such a way that with the proceeds he acquired the Chase National Bank stock and other stocks, which he in turn, at the time the security company was organized, sold to the security company.

Mr. UNTERMYER. At what price?

Mr. HINE. For $6,315,000.

Mr. UNTERMYER. That is what the security company paid for the Chase stock, is it?

Mr. HINE. That is what the security company paid Mr. Baker for the shares that he sold to it.

Mr. UNTERMYER. And is it not a fact that the security company realized on the sale of about one-half of that stock here recently, over $10,000,000?

Mr. HINE. If you will allow me just a moment to complete that.

Mr. UNTERMYER. If you are not going to answer any questions, Mr. Hine, we might as well stop.

Mr. HINE. I want to complete this.

Mr. UNTERMYER. No; Mr. Chairman, we will be here all night.

Mr. HINE. I wished just simply to explain the profits you are trying to get at.

Mr. UNTERMYER. Just answer the question.

The CHAIRMAN. Answer that you do not know or that you can not remember, if you can not state.

Mr. UNTERMYER. Please answer the question.

The CHAIRMAN. Let the question be read.

Mr. UNTERMYER. I will put the question. Is it or not the fact that 15,000 shares of the twenty-eight thousand and odd shares which

Mr. Baker turned over to the First National Bank for $6,315,000 were sold a few days ago for over $10,000,000?

Mr. HINE. I do not know that the 15,000 shares were the 15,000 shares that he turned over.

Mr. UNTERMYER. Do you know that he turned over 28,000 shares?

Mr. HINE. I know that he did not, at that time.

Mr. UNTERMYER. Did he turn over this stock at different times?

Mr. HINE. The First Security acquired additional stock.

Mr. UNTERMYER. How much did Mr. Baker turn over? You say it was a majority?

Mr. HINE. I can not say.

Mr. UNTERMYER. It was a majority, was it not? Did you not say that?

Mr. HINE. I did not.

Mr. UNTERMYER. I thought you said that he turned over a majority.

Mr. HINE. No; I said they owned a majority.

Mr. UNTERMYER. You do not know how much of this stock was turned over for this $6,315,000?

Mr. HINE. I do not.

Mr. UNTERMYER. Did this $6,315,000, then, include other stocks besides the Chase National Bank stock?

Mr. HINE. Yes.

Mr. UNTERMYER. Other bank stocks?

Mr. HINE. Yes.

Mr. UNTERMYER. What other bank stocks?

Mr. HINE. At this moment I can not state. They were miscellaneous bank stocks.

Mr. UNTERMYER. Are they bank stocks that are still owned by the security company?

Mr. HINE. Some are and some are not. Nearly all of them have been sold.

Mr. UNTERMYER. Coming back now to the line of questions I was asking you, can you tell us the present value of the securities owned by the First Security Co.?

Mr. HINE. I am unable to say.

Mr. UNTERMYER. Do they ever make up a balance sheet?

Mr. HINE. We have a balance sheet.

Mr. UNTERMYER. Every year?

Mr. HINE. Yes.

Mr. UNTERMYER. When was your last yearly balance?

Mr. HINE. The 1st of January—the 2d of January.

Mr. UNTERMYER. Of this year?

Mr. HINE. Yes.

Mr. UNTERMYER. What did it show in the way of assets?

Mr. HINE. We had capital, $10,000,000; and surplus, $2,800,000.

Mr. UNTERMYER. How were the securities valued?

Mr. HINE. For our own satisfaction we set an arbitrary value.

Mr. UNTERMYER. It is a nominal value, is it not?

Mr. HINE. I would not say nominal.

Mr. UNTERMYER. Is it not in substance a nominal value?

Mr. HINE. I would not say that.

Mr. UNTERMYER. One of your large holdings is in the anthracite coal stocks, is it not?

Mr. HINE. Yes.

Mr. UNTERMYER. Your largest holding?
Mr. HINE. Yes.
Mr. UNTERMYER. Are not those stocks valued in the First Security's statement at less than 40 per cent of the present market value?
Mr. HINE. I am unable to say.
Mr. UNTERMYER. Are they valued at as much as 25 per cent of the present market value?
Mr. HINE. That might be correct, if they were. These high-priced stocks, you can hardly estimate the amount.
Mr. UNTERMYER. You think it might be correct to value the stocks of roads like the Reading and the Lehigh Valley and the other anthracite stocks at 25 per cent of what they are selling for in the market?
Mr. HINE. As there is no Reading held by the Security Co., I am unable to make a statement.
Mr. UNTERMYER. How about Lehigh Valley? You hold a lot of that, do you not?
Mr. HINE. Lehigh Valley; yes.
Mr. UNTERMYER. And you think it would be proper and accurate to value that stock at 25 per cent of what it is selling for in the market?
Mr. HINE. I do not think it would be accurate; it might be proper.
Mr. UNTERMYER. It might be proper?
Mr. HINE. Yes.
Mr. UNTERMYER. Is it not the fact, or is it the fact, that in your last balance sheet, in valuing the stocks of the various corporations held by the First Security Co., they have been valued at less than 25 per cent of their market value?
Mr. HINE. I could not state that.
Mr. UNTERMYER. You do not know whether they have or not?
Mr. HINE. I do not know; no, sir.
Mr. UNTERMYER. Did you have anything to do with making up the balance sheet?
Mr. HINE. I saw the balance sheet.
Mr. UNTERMYER. Did you revise it?
Mr. HINE. I did not.
Mr. UNTERMYER. Were you not concerned in fixing the values?
Mr. HINE. Not especially. We know there is a liberal margin.
Mr. UNTERMYER. Who did fix them?
Mr. HINE. I am unable to say.
Mr. UNTERMYER. What position do you hold in the security company?
Mr. HINE. I am vice president of the security company.
Mr. UNTERMYER. And acting president, are you not?
Mr. HINE. No; not acting president.
Mr. UNTERMYER. Is Mr. Baker active in the management?
Mr. HINE. Mr. Baker is president of the security company.
Mr. UNTERMYER. Is he active in the management?
Mr. HINE. No one is specially active in the security company.
Mr. UNTERMYER. No one is active. Do you buy and sell securities?
Mr. HINE. We do not, to any great extent.
Mr. UNTERMYER. Do you sell them?
Mr. HINE. We do not buy and sell actively.
Mr. UNTERMYER. Do you sell?
Mr. HINE. We sometimes sell and sometimes buy.
Mr. UNTERMYER. Yes; and who does that?
Mr. HINE. By order of one of the officers.

Mr. UNTERMYER. Now, tell me whether it is a fact, Mr. Hine, without going into details, and without requiring that we should analyze these assets, that these First Security assets are worth $40,000,000 or over, according to the market value and the fair intrinsic value?

Mr. HINE. If you will excuse me a moment, I would like to consult my counsel.

Mr. UNTERMYER. Yes; certainly, you may consult counsel.

Mr. HINE (after consulting counsel). I can not state their exact value. We have assumed that they are worth not less than $35,000,000.

Mr. UNTERMYER. That is a very conservative estimate?

Mr. HINE. I think it is.

Mr. UNTERMYER. And it would be more likely to be $50,000,000 than $35,000,000 in actual value?

Mr. HINE. No.

Mr. UNTERMYER. Were those the securities that were turned over by the First National Bank for $10,000,000, or substantially the same?

Mr. HINE. I have already stated that Mr. Baker turned over the Security Co. for this sum, which, in justice to him, I should say he presented to the bank without any moral or legal obligation to do so.

Mr. UNTERMYER. That is not touching the question at all.

The question was read by the stenographer as follows:

Mr. UNTERMYER. Were those the securities that were turned over by the First National Bank for $10,000,000, or substantially the same?

Mr. HINE. They are not the same.

Mr. UNTERMYER. But in value, are they the same?

Mr. HINE. I would not venture an opinion upon that without investigation.

Mr. UNTERMYER. In your estimate of a minimum of $35,000,000 of value, at what price do you include the Chase Bank stock?

Mr. HINE. We turned over——

Mr. UNTERMYER. At what price do you include the Chase Bank stock in this $35,000,000?

Mr. HINE. I can not say.

Mr. UNTERMYER. Do you include it at $300 a share?

Mr. HINE. I am unable to state the figures.

Mr. UNTERMYER. What was the minimum value of the securities as turned over, including the Chase Bank stock?

Mr. HINE. The Chase Bank stock—the bank had nothing to do with it.

Mr. UNTERMYER. I understand that. I say including the Chase Bank stock.

Mr. HINE. I am unable to say.

Mr. UNTERMYER. Was it included in the $35,000,000?

Mr. HINE. I am unable to state. The bank turned over the securities at exactly what they stood at on the books of the bank.

Mr. UNTERMYER. They stood at a nominal figure on the books of the bank?

Mr. HINE. Not nominal; they stood at just what they cost—at cost.

Mr. UNTERMYER. At what they cost many years before?
Mr. HINE. A few of them.
Mr. UNTERMYER. They had risen very largely in value?
Mr. HINE. Yes.
Mr. UNTERMYER. What was the book value of the securities that were turned over by the First National Bank and the First Security Co.?
Mr. HINE. I am unable to state.
Mr. UNTERMYER. You can not tell us that?
Mr. HINE. I can not at the moment; no, sir.
Mr. UNTERMYER. And did they consist entirely of stocks?
Mr. HINE. Entirely.
Mr. UNTERMYER. Do you never revalue those securities in the First Security Co.?
Mr. HINE. We make different estimates as to their value.
Mr. UNTERMYER. But you do not put those on your books, do you?
Mr. HINE. No.
Mr. UNTERMYER. What is the purpose of keeping those securities at that comparatively nominal value?
Mr. HINE. A business purpose.
Mr. UNTERMYER. What is the business purpose?
Mr. HINE. There is no particular purpose. We know that they are there.
Mr. UNTERMYER. Is it for the purpose of taxation?
Mr. HINE. No; that does not enter into it.
Mr. UNTERMYER. Then what business purpose can there be?
Mr. HINE. Business purposes that are satisfactory to us.
Mr. UNTERMYER. Are there no business purposes that you can disclose, underlying that method of doing business?
Mr. HINE. There are none that I have to disclose, because there are none. I have stated business purposes that are satisfactory to us.
Mr. UNTERMYER. Why should securities that are worth $40,000,000 or $50,000,000 be continuously valued from year to year at $10,000,000?
Mr. HINE. For business purposes that are satisfactory to us.
Mr. UNTERMYER. That is all you care to say about it?
Mr. HINE. Yes.
Mr. UNTERMYER. Do you remember what proportion of the resources of the First National Bank is invested and what proportion is liquid?
Mr. HINE. Do you mean the amount of our bond investment?
Mr. UNTERMYER. Yes.
Mr. HINE. It is a little short of $44,000,000.
Mr. UNTERMYER. How much are your deposits?
Mr. HINE. Our deposits are about $100,000,000.
Mr. UNTERMYER. And you have to keep 25 per cent of that as reserve?
Mr. HINE. Yes.
Mr. UNTERMYER. And that leaves $75,000,000 of investable or loanable deposits?
Mr. HINE. Yes.
Mr. UNTERMYER. And of that $75,000,000 you say about $34,000,000 is invested in bonds?
Mr. HINE. No; I do not.

Mr. UNTERMYER. What?

Mr. HINE. I do not say that.

Mr. UNTERMYER. That includes also a part of your capital?

Mr. HINE. Part of our capital or surplus is invested in bonds, and about $11,000,000 in deposits.

Mr. UNTERMYER. You are the president of the New York Clearing House Association, are you not?

Mr. HINE. I am.

Mr. UNTERMYER. And you are the chairman of the clearing-house committee?

Mr. HINE. No; I am not.

Mr. UNTERMYER. Who is?

Mr. HINE. Mr. Frew.

Mr. UNTERMYER. It has not changed since Mr. Frew testified?

Mr. HINE. No; there has not been another election.

Mr. UNTERMYER. That is a good reason. The New York Clearing House Association is managed by the clearing-house committee?

Mr. HINE. By the clearing-house committee.

Mr. UNTERMYER. The First National Bank is a very important issuing house for securities, is it not?

Mr. HINE. I would not say that.

Mr. UNTERMYER. Is it not, together with J. P. Morgan & Co. and the National City Bank; are they not, perhaps, the three together, the largest issuing houses in the country? They make the most issues and the largest amount of issues?

Mr. HINE. J. P. Morgan & Co. is surely the largest.

Mr. UNTERMYER. And the First National Bank makes very frequent and large issues of securities, does it not?

Mr. HINE. In conjunction with them.

Mr. UNTERMYER. Does it not make any issues alone?

Mr. HINE. Very rarely.

Mr. UNTERMYER. And in conjunction recently with the City Bank?

Mr. HINE. Yes.

Mr. UNTERMYER. This custom of joint issues by Messrs. Morgan and your bank and the City Bank is of how recent a growth; about three years, is it not?

Mr. HINE. I think it is longer than that.

Mr. UNTERMYER. How much longer?

Mr. HINE. Perhaps four years; four or five years, I would say.

Mr. UNTERMYER. Prior to that, what was the custom with respect to making public issues of securities? Did Messrs. Morgan make them alone?

Mr. HINE. I do not know that I can describe any particular custom.

Mr. UNTERMYER. Messrs. Morgan made their issues mainly alone before that, did they not?

Mr. HINE. I think they did. I am unable to say.

Mr. UNTERMYER. Did your bank make its issues alone before that, or did you begin at that time to make issues?

Mr. HINE. I think we had made issues conjointly with Messrs. Morgan prior to that.

Mr. UNTERMYER. Prior to four years ago?

Mr. HINE. Yes.

Mr. UNTERMYER. But it became more frequent and customary after that?

Mr. HINE. Yes.

Mr. UNTERMYER. Now it is done almost continuously?

Mr. HINE. Not in recent years.

Mr. UNTERMYER. Have you made any issues in recent years in which they have not participated in the public issue?

Mr. HINE. We have made only one issue that I recollect of any importance in the last few years.

Mr. UNTERMYER. In which you have participated?

Mr. HINE. No. I say we have made only one issue of importance. We have participated in almost all the issues of J. P. Morgan & Co.

Mr. UNTERMYER. But have you not joined with them in many?

Mr. HINE. Yes.

Mr. UNTERMYER. In recent years?

Mr. HINE. Yes.

Mr. UNTERMYER. And the City Bank likewise?

Mr. HINE. Yes.

Mr. UNTERMYER. In these joint purchases of securities for issue by Messrs. Morgan and yourselves and the City Bank, do you have them underwritten?

Mr. HINE. They are underwritten.

Mr. UNTERMYER. And are they underwritten for joint account?

Mr. HINE. At times.

Mr. UNTERMYER. For joint account?

Mr. HINE. Not for joint account.

Mr. UNTERMYER. Do you not each have a fixed proportion of the profits?

Mr. HINE. Each has a proportion of the profits.

Mr. UNTERMYER. Yes.

Mr. HINE. In accordance with the interest taken.

Mr. UNTERMYER. Is the underwriting done by one of the houses or by each one separately?

Mr. HINE. In many cases there is no underwriting.

Mr. UNTERMYER. I am speaking of the cases in which there is an underwriting. We will take, for instance, the case of the New York Subway.

Mr. HINE. Yes.

Mr. UNTERMYER. There is an underwriting there, is there not?

Mr. HINE. Yes.

Mr. UNTERMYER. You are large participants, are you not, with Messrs. Morgan?

Mr. HINE. Yes.

Mr. UNTERMYER. It is a joint venture, is it not, between the City Bank and Messrs. Morgan and your bank?

Mr. HINE. I would not call it a "venture."

Mr. UNTERMYER. What is the interest of the bank?

Mr. HINE. I prefer not to state the interest of the bank.

Mr. UNTERMYER. Are these three concerns partners in that—equal partners?

Mr. HINE. We are not equal partners.

Mr. UNTERMYER. Where is the underwriting done?

Mr. HINE. The issues that Messrs. J. P. Morgan & Co. bring out——

Mr. UNTERMYER. No, no; where is the underwriting of this particular issue done?

Mr. HINE. At the house of J. P. Morgan & Co.

Mr. UNTERMYER. That is what I want to know.

Mr. HINE. Yes.

Mr. UNTERMYER. The entire $170,000,000 is underwritten through J. P. Morgan & Co.?

Mr. HINE. Practically.

Mr. UNTERMYER. And anybody you want to participate, or any corporation, you hand the underwriting over to them, and it is done through them; is that right?

Mr. HINE. Yes.

Mr. UNTERMYER. Is that the way in which these issues have been generally underwritten where they have been in joint account between you and Messrs. Morgan, or you and Messrs. Morgan and the City Bank, where there has been underwriting?

Mr. HINE. In cases of underwriting I would say that is the general course.

Mr. UNTERMYER. In taking small issues I suppose you do not underwrite them at a l, but just take them?

Mr. HINE. It would depend upon who originates the business, I would say. If the City Bank originated the business, they would look after the underwriting; if we originated it, we would look after it; and if J. P. Morgan & Co. originated it, they would look after it.

Mr. UNTERMYER. But in comparatively small issues do you make the issues without underwriting?

Mr. HINE. As a rule.

Mr. UNTERMYER. An issue of $10,000,000 or $20,000,000 would be of a character that the three concerns would do without any participation?

Mr. HINE. Yes.

Mr. UNTERMYER. You have done some of those within the last few weeks, have you not?

Mr. HINE. Yes.

Mr. UNTERMYER. Where there is underwriting do the corporations in which you are interested or represented on the board participate in the underwriting?

Mr. HINE. They do not. The banking corporations, do you mean?

Mr. UNTERMYER. Yes.

Mr. HINE. Yes; oftentimes they do.

Mr. UNTERMYER. What?

Mr. HINE. Yes.

Mr. UNTERMYER. The Chase Bank and these other companies participate in the underwriting?

Mr. HINE. Often they do.

Mr. UNTERMYER. And where you and Messrs. Morgan and the City Bank go in joint account and buy securities and sell them directly without underwriting, do these banks participate as purchasers of those securities?

Mr. HINE. Occasionally they do.

Mr. UNTERMYER. Generally they do, do they not?

Mr. HINE. I would not say that.

Mr. UNTERMYER. What will you say about it?

Mr. HINE. I say sometimes they do.

Mr. UNTERMYER. Some of them do at all times?

Mr. HINE. I would not say that.

Mr. UNTERMYER. Will you give us any instance in which some one or more of the corporations with which you are identified have not acquired part of the bonds?

Mr. HINE. I am not prepared to give an instance where they have or have not.

Mr. UNTERMYER. You can give many instances where they have, can you not?

Mr. HINE. I have stated that they sometimes do.

Mr. UNTERMYER. For instance, in this underwriting of the subways is there any financial corporation with which you are identified, or with which J. P. Morgan & Co. are identified, or with which the National City Bank is identified, that is not a participant?

Mr. HINE. I was abroad at the time that underwriting was placed, and I am not familiar with the names of the participants.

Mr. UNTERMYER. Since you have come back have you not put yourself in touch with the businesses of the banks of which you are a director and in which you serve on the executive committees?

Mr. HINE. I have come in touch with those businesses; yes.

Mr. UNTERMYER. You have put yourself in touch with their business and what has been done?

Mr. HINE. To some extent.

Mr. UNTERMYER. Have you not ascertained to what extent those concerns are underwriters in these subways?

Mr. HINE. Not all of them.

Mr. UNTERMYER. You have as to some?

Mr. HINE. Yes.

Mr. UNTERMYER. And have you found any in which they were not participants?

Mr. HINE. I have.

Mr. UNTERMYER. Where? Name it.

Mr. HINE. The Brooklyn Trust Co.

Mr. UNTERMYER. They were overlooked, were they, because you were away? Was that it?

Mr. HINE. The issue did not seem attractive to them, I assume. They have never stated to me the reason.

Mr. UNTERMYER. And whether it was for that reason or whether it was because you were away and they were overlooked, you do not know?

Mr. HINE. Yes; I do know. They have stated to me——

Mr. UNTERMYER. You have named the Brooklyn Trust Co. as being out of the underwriters. Can you name anybody else among those I have mentioned?

Mr. HINE. I do not know whether some were out or not; whether all participated or not.

Mr. UNTERMYER. Have you found anybody who was out?

Mr. HINE. I have not been around with a probe such as you swing.

Mr. UNTERMYER. Being on the executive committee you would be informed, or you would inform yourself, of the commitments of your company, would you not?

Mr. HINE. Not all the commitments.

Mr. UNTERMYER. These would be large commitments, would they not, on an underwriting of this size?

Mr. HINE. No.

Mr. UNTERMYER. Did you make any complaint about the Brooklyn Trust Co. not being included as a participant?

Mr. HINE. I did not.

Mr. UNTERMYER. Did you try to get them in?

Mr. HINE. I did not.

Mr. UNTERMYER. Did you get them a participation?

Mr. HINE. I did not.

Mr. SPOONER. He stated it was not attractive to them.

Mr. UNTERMYER. Well, they may have changed their minds. It was attractive to you, was it not—to your bank?

Mr. HINE. Yes.

Mr. UNTERMYER. Do you know of any financial corporation with which J. P. Morgan & Co. or the National City Bank are affiliated that is not interested in that underwriting?

Mr. HINE. I am unable to say.

Mr. UNTERMYER. Do you know of any officers of any of these banks that are not interested in the underwriting, except those that were in Europe?

Mr. HINE. I know some who are.

Mr. UNTERMYER. Do you know whether they are or not?

Mr. HINE. I know some are not.

Mr. UNTERMYER. And whether others are or are not interested; you do not know?

Mr. HINE. I do not.

Mr. UNTERMYER. Do the officers of your bank take participations in issues or underwritings in which the bank itself becomes interested?

Mr. HINE. The officers of our bank have taken participations.

Mr. UNTERMYER. And they do take them?

Mr. HINE. They do; yes.

Mr. UNTERMYER. Do you know whether it is a custom among the officers of banks and trust companies of the city of New York to get participations with banking houses in underwritings and issues in which their banks are interested?

Mr. HINE. I do not.

Mr. UNTERMYER. Do you know whether it is done in other banks with which you are connected?

Mr. HINE. I do not.

Mr. UNTERMYER. Is it a custom in your bank?

Mr. HINE. I do not think it is a custom. I say the officers have participated.

Mr. UNTERMYER. That they do from time to time participate?

Mr. HINE. Yes.

Mr. UNTERMYER. In other words, it is not a custom that has been discouraged or has been stopped?

Mr. HINE. It is not.

Mr. UNTERMYER. And you do not think it is one that ought to be stopped?

Mr. HINE. Being American citizens as well as bank officers, we believe we are entitled to our rights under the Constitution and the laws.

Mr. UNTERMYER. I see. So you think it would interfere with your rights under the Constitution and laws of the United States if, being president of a bank that was being asked to guarantee or insure the sale of bonds, you were not allowed to underwrite in that syndicate? You think that would interfere with your liberties as a citizen?

Mr. HINE. I am not prepared to argue any hypothetical questions. I will give you an opinion on the situation as it is.

Mr. UNTERMYER. Let us see——

Mr. HINE. If you ask me in regard to my own opinion I am willing to state it.

Mr. UNTERMYER. I am not asking you personal questions, as you know. I am speaking of all the officers of the bank. Suppose your bank is invited to underwrite securities of, we will say, the Subway Co. You understand that that is a sort of insurance that the people who have charge of the issue will sell those bonds, or if they do not sell them your bank has got to take them? That is the contract, is it not? That is the underwriting contract?

Mr. HINE. That is the underwriting contract—pardon me; please state that again.

Mr. UNTERMYER. Is not the underwriting contract to the effect that your bank agrees to take a given amount, being in participation in the underwriting of bonds of that issue, provided the bankers do not sell them elsewhere or otherwise?

Mr. HINE. That is it.

Mr. UNTERMYER. That is the contract. If the bonds are sold by the bankers, then the underwriters get a commission for their risk?

Mr. HINE. That is right.

Mr. UNTERMYER. If the bonds are not sold, then the underwriters have to take them. Is that true?

Mr. HINE. That is true.

Mr. UNTERMYER. That contract is the contract that the officers make with the issuing house when they become underwriters, is it not?

Mr. HINE. If they make such contract.

Mr. UNTERMYER. I mean when the officers do underwrite, it is the same contract? Do you not realize that if those bonds that are thus underwritten are sold to the bank of which you are an officer, it relieves the underwriters to that extent?

Mr. HINE. To that extent; yes.

Mr. UNTERMYER. It relieves you to that extent, if you are an underwriter, does it not?

Mr. HINE. That is correct——

Mr. UNTERMYER. Well, does it not release you to that extent.

Mr. HINE. I wish to correct, if I may. The only underwriting that the officers of our bank have participated in has been a portion of the underwriting which the bank has accepted.

Mr. UNTERMYER. Yes. When the bank takes an amount of underwriting the officers take part of it, do they?

Mr. HINE. They have at times.

Mr. UNTERMYER. When it comes to the question of selling those bonds to relieve the underwriter, do you realize or do you not realize that the liability of the officer to take those bonds is very materially

affected by whether your banks and other banks buy the bonds and take that obligation off their hands?

Mr. HINE. It is manifest that the release of the liability is equally distributed among all underwriters and those who participate. That is obvious.

Mr. UNTERMYER. Now, then, you being liable on that undertaking if the bank does not sell the bonds, you are released from that liability if the bank does sell the bonds, are you not?

Mr. HINE. Individuals are released to the extent that the bank is released; to the same extent, no greater extent.

Mr. UNTERMYER. But if the banks buy the bonds, and they are distributed to the banks whose officers are also underwriting, the officers underwriting are also released, are they not?

Mr. HINE. I can not make any other statement than I have already made in relation to that.

Mr. UNTERMYER. You see nothing wrong in that respect, do you?

Mr. HINE. I do not. If we did we certainly would not indulge in it, you may be sure of that.

Mr. UNTERMYER. But you do not see anything wrong since it has been exploited or explained, do you?

Mr. HINE. I think our consciences are just as acute as those of other gentlemen, in relation to ethical matters.

Mr. UNTERMYER. Do you not think it would relieve the officers from the double relation to their bank——

Mr. HINE. I have already stated——

Mr. UNTERMYER (continuing). In determining whether they would buy securities of that kind or would not buy, if they were not interested in having the bank buy the bonds so as to release their liability?

Mr. HINE. I certainly do not, in our case.

Mr. UNTERMYER. You think that these men are all so constituted that they would not be subconsciously or unconsciously affected by the fact that the purchase by the bank would relieve them personally to that extent?

Mr. HINE. I can answer for the First National. I can not answer for any other.

Mr. UNTERMYER. Answering for the First National Bank, you are sure it would make no difference?

Mr. HINE. I am sure. I think anybody would agree who knows Mr. George F. Baker.

Mr. UNTERMYER. We are talking about the advisability of recommending legislation, not for Mr. George F. Baker or for Mr. John Smith, but to regulate all banking institutions. And do I understand from you that you would continue to subject the officers of banks to that inconsistent position?

Mr. HINE. I would continue to permit each bank to follow its own custom, as it does now, under the control and supervision of the Comptroller of the Currency.

Mr. UNTERMYER. Well, what has the Comptroller of the Currency got to do with the question of whether you shall underwrite a security?

Mr. HINE. He has nothing.

Mr. UNTERMYER. Then what control has he over the subject?

Mr. HINE. He has no control, but he has supervision.

Mr. UNTERMYER. He has no supervision of your underwritings, has he?

Mr. HINE. Ours is an open book. He or his representatives see every transaction.

Mr. UNTERMYER. Do they see your individual transactions with the underwriter, or only those as a bank?

Mr. HINE. Our individual participations; not those of the bank.

Mr. UNTERMYER. They appear on the books of the bank?

Mr. HINE. They do.

Mr. UNTERMYER. Even where you get your commission from underwriting.

Mr. HINE. They see every transaction. It is on our books.

Mr. UNTERMYER. You know there are certain institutions in which that is not permitted, do you not?

Mr. HINE. I do not.

Mr. UNTERMYER. Did you read the testimony of Mr. Reynolds of the Continental and Commercial Bank?

Mr. HINE. Yes.

Mr. UNTERMYER. You were present and heard it?

Mr. HINE. I was present.

Mr. UNTERMYER. When you buy an issue of bonds, how do you distribute it? Have you got a list of corporations and banks you invite?

Mr. HINE. I have not.

Mr. UNTERMYER. How do you do about distributing it?

Mr. HINE. They oftentimes distribute themselves; we have not any to distribute.

Mr. UNTERMYER. What you mean is that you have nothing to do with it except to take your profit?

Mr. HINE. I mean they very often sell, when we join in issuing bonds. Sometimes they are disposed of quickly and sometimes not so quickly.

Mr. UNTERMYER. If not disposed of then, do you distribute them among the people who buy bonds from you?

Mr. HINE. We do not distribute them.

Mr. UNTERMYER. Do you sell them?

Mr. HINE. Sometimes we sell them and sometimes we do not.

Mr. UNTERMYER. Have you a bond department?

Mr. HINE. We have.

Mr. UNTERMYER. Do you send bond salesmen on the road?

Mr. HINE. We do not.

Mr. UNTERMYER. You do not. Do you sell these bonds to other banks?

Mr. HINE. In the open market.

Mr. UNTERMYER. To banks?

Mr. HINE. Very seldom. They are sold in the open market when sold at all.

Mr. UNTERMYER. You mean by public advertisement?

Mr. HINE. No.

Mr. UNTERMYER. You mean in open market on the exchange?

Mr. HINE. It might be on the stock exchange; usually to bond brokers.

Mr. UNTERMYER. Then you sell them to bond brokers and through bond brokers?

Mr. HINE. Yes.

Mr. UNTERMYER. Through whom do the other banks with which you are affiliated get interest in those bonds?

Mr. HINE. In which bonds?

Mr. UNTERMYER. Through whom do the other banks with which you are affiliated get interest in the bonds in which you are interested?

Mr. HINE. Sometimes they get them through us and sometimes they do not.

Mr. UNTERMYER. That is what I am trying to find out. Then you do sometimes sell them to other banks with which you are affiliated?

Mr. HINE. Other banks with which we are affiliated and sometimes through a syndicate.

Mr. UNTERMYER. And when you have no syndicate, then they buy from you?

Mr. HINE. Very rarely of us.

Mr. UNTERMYER. Where would they buy them?

Mr. HINE. In the open market.

Mr. UNTERMYER. You mean through bond brokers.

Mr. HINE. Through bond brokers; yes.

Mr. UNTERMYER. Paying a profit, an intermediate profit, when they could get them from you?

Mr. HINE. If they could get them cheaper through us they would not do it.

Mr. UNTERMYER. Would they not pay more to a bond broker than if they got them directly from you?

Mr. HINE. Possibly so and possibly not.

Mr. UNTERMYER. Does the bond broker sell for fun, or does he get a profit?

Mr. HINE. Presumably he gets a profit.

Mr. UNTERMYER. Then the bonds cost them more than if they bought through you?

Mr. HINE. They would not buy them from one party and pay a higher price than they could get them for elsewhere. If they could buy them cheaper from us they would buy from us, and if they could buy them cheaper from a bond broker, they would buy from him, naturally.

Mr. UNTERMYER. It has been testified here that the clearing house has one chief examiner and twelve examiners under him. Is that right?

Mr. HINE. I think that is true.

Mr. UNTERMYER. Is that because of the insufficiency of the public examination?

Mr. HINE. It is supplemental to the public examination.

Mr. UNTERMYER. Is it supplemental to it because of the insufficiency of the public examination?

Mr. HINE. I would not say that.

Mr. UNTERMYER. Well, why is it resorted to, then?

Mr. HINE. As an additional precaution.

Mr. UNTERMYER. If the State and national examinations were made more thorough by the addition of further examiners, it would render your examiners unnecessary, would it not?

Mr. HINE. I could not say as to that.

Mr. UNTERMYER. Do you not think it would be a much better system to have the authorities of the State and Nation conduct

these examinations than to have them in the hands of the clearing-house committee and its examiners?

Mr. HINE. We are very much pleased with the examinations of our present force in the clearing house. The Government forces work on the fee plan, and our people work on the salary plan.

Mr. UNTERMYER. In your judgment would it not be fairer to have the departments of the State and Nation conduct those examinations?

Mr. HINE. I think it is for the interest of all concerned to exercise every possible precaution.

Mr. UNTERMYER. Do you not see that there is no responsibility—official responsibility—on the part of your examiners as to secrecy or otherwise, and that there is the constant possibility that the clearing-house committee may find out all about people's affairs?

Mr. HINE. We only know how the system has worked, and it has worked very satisfactorily wherever it has been adopted.

Mr. UNTERMYER. Would you approve of the substitution of thorough and complete responsibility of official examinations instead of examinations through your own private agency?

Mr. HINE. I do approve of the situation as it is.

Mr. UNTERMYER. And you would not like to see it changed?

Mr. HINE. We are prepared for whatever may come.

Mr. UNTERMYER. I am glad of that.

Mr. HINE. That change or otherwise.

Mr. UNTERMYER. That is cheering. Reconciled, also?

Mr. HINE. Reconciled.

Mr. UNTERMYER. Is there any reason, in your judgment, for keeping secret the assets of the bank?

Mr. HINE. What assets of the bank?

Mr. UNTERMYER. All or any of its assets.

Mr. HINE. I think there is a very strong business reason; yes.

Mr. UNTERMYER. Why should not depositors and stockholders know what your assets are?

Mr. HINE. Why should they?

Mr. UNTERMYER. Is that your answer?

Mr. HINE. We make our statement to the Comptroller of the Currency five times a year. We are examined twice a year thoroughly by the Government's representatives. Those statements are published far and wide. Our depositors have every opportunity to judge for themselves as to the safety of the institution.

Mr. UNTERMYER. If you are examined so thoroughly by public departments, I will ask you again why you maintain 13 examiners to examine yourselves again?

Mr. HINE. As an additional precaution.

Mr. UNTERMYER. Why should not a man who was about to deposit or who does deposit in your bank have something more than a mere statement, "Assets, so much"? Why should he not know whether they are genuine, and what they are worth, and what they consist of?

Mr. HINE. Our depositors seem to be perfectly satisfied with the statement we make.

Mr. UNTERMYER. Why should they not know?

Mr. HINE. I am not prepared to answer any question like that.

Mr. UNTERMYER. Why should they not know?

Mr. HINE. They are perfectly satisfied.

Mr. UNTERMYER. If they are not satisfied, what is their remedy: to go somewhere else?

Mr. HINE. I am unable to respond.

Mr. UNTERMYER. You keep your list of stockholders secret, do you not?

Mr. HINE. It is all on record in the City Hall in New York.

Mr. UNTERMYER. You know it is not available?

Mr. HINE. I know it is available.

Mr. UNTERMYER. Do you?

Mr. HINE. To any stockholder.

Mr. UNTERMYER. But not to anybody else?

Mr. HINE. No.

Mr. UNTERMYER. You feel that there is no inconsistency in your serving as a director and a member of the executive committee of potentially competing banks that are competing for the same business, or ought to be?

Mr. HINE. I have discovered none.

Mr. UNTERMYER. Your connection with these various banks gives you an opportunity, does it not, to find out the borrowers in all those banks?

Mr. HINE. No; it does not.

Mr. UNTERMYER. It does not?

Mr. HINE. No; it does not.

Mr. UNTERMYER. As a member of the executive committee of a bank you understand that you get an opportunity, and that it is your duty, to know the borrowers in those banks and what their security is?

Mr. HINE. The management of those banks is lodged with officers in whom we have confidence, and we accept their reports and their statements as correct.

Mr. UNTERMYER. And do you mean to say that as a member of the executive committees of these various banks you do not inquire into who are the borrowers and what are their securities?

Mr. HINE. Of current borrowers? A list is placed before us. We do see——

Mr. UNTERMYER. You see at every meeting, do you not?

Mr. HINE. We see at every meeting the names of current borrowers.

Mr. UNTERMYER. And you also have a statement of loans?

Mr. HINE. Yes.

Mr. UNTERMYER. And the data of that is available to you?

Mr. HINE. We see the current loans.

Mr. UNTERMYER. And apart from current loans you understand that you have a right to investigate the existing loans, do you not?

Mr. HINE. Probably we do.

Mr. UNTERMYER. Every loan in the bank?

Mr. HINE. Probably we do.

Mr. UNTERMYER. Do you not know it is your duty to investigate it?

Mr. HINE. You say do I know it is my duty?

Mr. UNTERMYER. Yes.

Mr. HINE. I do not know that.

Mr. UNTERMYER. Do you not know you are liable if you do not do so?

Mr. HINE. I do not.

Mr. UNTERMYER. Are you not familiar with the fate of the directors of the Trust Co. of the Republic, who did not know the loans that were in their institutions?

Mr. HINE. You are speaking of national banks?

Mr. UNTERMYER. But you are familiar with what happened to them?

Mr. HINE. Not entirely; no.

Mr. UNTERMYER. Do you not know that they were held liable for some hundreds of thousands of dollars because they did not use due diligence in finding out who were their borrowers and what was the collateral?

Mr. HINE. No. Will you please quote the clause in the national bank law which supports that intimation?

Mr. UNTERMYER. As I understand you, your conception of your duty as a director of national banks and of trust companies and a member of executive committees is, that you are under no legal obligation to find out who is borrowing money of the institution, or on what collateral. Is that right?

Mr. HINE. I will thank you to state the clause in the national banking law which supports your contention.

Mr. UNTERMYER. Will you please repeat the question?

The stenographer read the question as follows:

Mr. UNTERMYER. As I understand you, your conception of your duty as a director of national banks and of trust companies and a member of executive committees, is that you are under no legal obligation to find out who is borrowing money of the institution, or on what collateral. Is that right?

Mr. HINE. Does that question say national banks?

The stenographer repeated the first part of the sentence, including the words "national banks."

Mr. HINES. I do not know that it is my duty.

Mr. UNTERMYER. Your present idea is that you have no such duty?

Mr. HINE. No such legal duty.

Mr. UNTERMYER. And you think you have no such moral duty, to find out to whom your bank is lending its money, and on what collateral?

Mr. HINE. I think it is a business duty.

Mr. UNTERMYER. Do you perform it?

Mr. HINE. In a general way.

Mr. UNTERMYER. Having performed it in a general way, you have then the facility of knowing the borrowers in all these institutions with which you are connected, and their collateral?

Mr. HINE. I have.

Mr. UNTERMYER. Even where they are potentially competing institutions?

Mr. HINE. Yes.

Mr. UNTERMYER. You have been concerned in a number of consolidations of banks and trust companies?

Mr. HINE. What do you mean by "concerned"?

Mr. UNTERMYER. Interested; financially interested.

Mr. HINE. I have been interested in a few banks that have absorbed others.

Mr. UNTERMYER. You have observed, have you not, with interest, the trend in the last three or four years to concentration and consolidation of financial institutions both in New York and other cities?

Mr. HINE. There have been some consolidations.

Mr. UNTERMYER. Have you not observed the trend of concentration?

Mr. HINE. I have observed that there have been consolidations.

Mr. UNTERMYER. That is not the question. The question is whether you have observed the rapid trend toward concentration of credits in New York City in the last three years.

Mr. HINE. I have observed otherwise, there being 16 more institutions in New York City than there were in 1900. I think the trend is the other way.

Mr. UNTERMYER. There are 16 more now than there were in 1900?

Mr. HINE. There are.

Mr. UNTERMYER. Which are they?

Mr. HINE. I am unable to state; I can give you the number, however.

Mr. UNTERMYER. Where did you get that information?

Mr. HINE. From official sources.

Mr. UNTERMYER. From what source?

Mr. HINE. From the clearing house.

Mr. UNTERMYER. Let me see the data you have on that subject. Have you got it with you?

Mr. HINE. I have.

Mr. UNTERMYER. Bring it out.

Mr. HINE. Right there. [Producing document.]

Mr. UNTERMYER. Will you let me see it?

Mr. HINE. Do you wish the figures?

Mr. UNTERMYER. Yes; certainly.

Mr. HINE. I would like it to go on the record, too, if you please. [Handing papers to counsel.]

Mr. UNTERMYER. Wait a minute, about the record. You said they were official.

Mr. HINE. They are official.

Mr. UNTERMYER. We would like the official figures.

Mr. HINE. They are copied from official figures.

Mr. UNTERMYER. From what are they copied? If you will send us the figures from which they are copied—that is, the official data—the committee will be glad to include it in the record.

Mr. HINE. I will do that.

Mr. UNTERMYER. You have not got December, 1912, there. Have you not any list of the institutions in New York in December, 1912, with you?

Mr. HINE. No; I have not.

Mr. UNTERMYER. Do you not know that prior to the admission of the trust companies into the clearing house there were less banks, less members of the clearing house, in 1910 than there were in 1853, when the clearing house was formed—one less?

Mr. HINE. No; I did not know that.

Mr. UNTERMYER. Do you not know that there were 53?

Mr. HINE. That was a little before my time.

Mr. UNTERMYER. No; that there were 53 banks in the clearing house in 1910 as against 54, when it was organized?

Mr. HINE. I did not know that. I know there are 50 per cent more members in the New York Clearing House than there are in London, Berlin, and Paris put together.

Mr. UNTERMYER. We are not talking about London, Berlin, and Paris; but the ones in London, Berlin, and Paris are not owned by the same people or controlled by the same people or with the same interests interlocking, are they?

Mr. HINE. I am not advised as to that.

Mr. UNTERMYER. You know nothing about that?

Mr. HINE. No, sir.

Mr. UNTERMYER. That is the point the committee is inquiring about.

Mr. HINE. I thought it was the number of institutions you were referring to.

Mr. UNTERMYER. No. As to the interlocking of these institutions and the interests that are common in all of them; you do not know anything about the regulations abroad on that subject?

Mr. HINE. I do not. I think there are none.

Mr. UNTERMYER. You say you do not know anything about it?

Mr. HINE. No; I do not. I know there is no banking law in England, however.

Mr. UNTERMYER. Do you know whether there are any interlocking directors in England, Germany, and France?

Mr. HINE. I do not.

Mr. UNTERMYER. Do you know whether in any of those countries any officers or directors are permitted to deal with the banks?

Mr. HINE. I do not.

Mr. UNTERMYER. Do you know whether or not they are permitted to sell the bank's stock or speculate in it?

Mr. HINE. I do not.

Mr. UNTERMYER. Are you conducting the security company practically as part of the bank?

Mr. HINE. We are not.

Mr. UNTERMYER. You are conducting it through the same officers?

Mr. HINE. We are.

Mr. UNTERMYER. In the same office?

Mr. HINE. Yes.

Mr. UNTERMYER. With the same clerks?

Mr. HINE. Yes; we are conducting it for the stockholders of the bank.

Mr. UNTERMYER. You draw a distinction between conducting the security company for the bank and conducting it for the stockholders, do you?

Mr. HINE. I certainly do.

Mr. UNTERMYER. You are conducting the bank for the stockholders of the bank too, are you not?

Mr. HINE. We are.

Mr. UNTEMYER. Does the bank have transactions with the security company?

Mr. HINE. Very few.

Mr. UNTEMYER. I say, does it have transactions?

Mr. HINE. It does.

Mr. UNTERMYER. Does the security company buy and sell securities?

Mr. HINE. Not to any great extent; in a very small way.

Mr. UNTERMYER. What is its principal business?

Mr. HINE. Its principal business is to hold securities which were sold to it by the First National and by Mr. George F. Baker, and to receive the income and distribute it among its shareholders. That is its principal occupation.

Mr. UNTERMYER. It has paid dividends of 12 per cent?

Mr. HINE. Yes.

Mr. UNTERMYER. And put aside how much reserve every year?

Mr. HINE. I would not attempt to say. I think we paid 17 per cent this year.

Mr. UNTERMYER. You paid 17 per cent, and you have accumulated a 20 per cent reserve in four years, have you not?

Mr. HINE. Something like that.

Mr. UNTERMYER. Or 25 per cent?

Mr. HINE. Something like that.

Mr. UNTERMYER. And you have undervalued your securities at that, have you not?

Mr. HINE. I have stated.

Mr. UNTERMYER. You have undervalued them in the way you have stated?

Mr. HINE. I have made the statement.

Mr. UNTERMYER. What would be the real profits of the Security Co. if you were to value your securities according to market prices?

Mr. HINE. That is an imaginary proposition that I would not pass on.

Mr. UNTERMYER. I know that; but imagine your valuing them at the real market price, would the profits of the Security Co. be about 100 per cent a year?

Mr. HINE. I am not given to flights of imagination.

Mr. UNTERMYER. Do you not think you would be able to imagine the difference between what you valued your own securities at and what they were selling at, without flights of the imagination?

Mr. HINE. I would not attempt to imagine anything so absurd.

Mr. UNTERMYER. I suppose you would not be in favor of any amendment of the law that would prevent the unrestricted consolidation of banks?

Mr. HINE. I am in favor of less law rather than more.

Mr. UNTERMYER. And no law rather than less?

Mr. HINE. The same sort of law that obtains in the great banking centers of the world outside of New York.

Mr. UNTERMYER. Do you know anything about the law outside of New York, in other bank centers?

Mr. HINE. I know there is no law.

Mr. UNTERMYER. They are independent of all law?

Mr. HINE. I know that there is no banking law in England.

Mr. UNTERMYER. Who told you so? Where did you get that idea?

Mr. HINE. Do you dispute it?

Mr. UNTERMYER. I do, and I want to know where you got the idea?

Mr. HINE. I have made the statement, and I will verify it later if you do not accept it.

Mr. UNTERMYER. Do you not know that the banks operate under a charter? Do you not know that?

Mr. HINE. I stated that there is no general banking law in England.

Mr. UNTERMYER. Do you not know that every bank has a charter?

Mr. HINE. I assume that.

Mr. UNTERMYER. And that that charter is granted by act of Parliament?

Mr. HINE. Yes.

Mr. UNTERMYER. Do you not think that is a law?

Mr. HINE. That is not a banking law.

Mr. UNTERMYER. I see. It is a law for that bank?

Mr. HINE. It is a charter for that bank.

Mr. UNTERMYER. Does the First Security Co. participate in the business of the bank, such as issuing securities and business of that kind?

Mr. HINE. It has no participation in the business of the bank.

Mr. UNTERMYER. Does it participate in its issues?

Mr. HINE. It does not.

Mr. UNTERMYER. Does it buy any of its securities?

Mr. HINE. It does not.

Mr. UNTERMYER. Does it underwrite any of the issues in which the bank is interested?

Mr. HINE. It does not.

Mr. UNTERMYER. Is the bank interested in any of the business of the security company?

Mr. HINE. It is not.

Mr. UNTERMYER. Recently your bank made an issue, jointly with J. P. Morgan & Co. and the National City Bank, of Chicago & Western Indiana Railway bonds, of ten millions, did it not?

Mr. HINE. Notes.

Mr. UNTERMYER. Ten millions of notes, yes. Why was it necessary that three great banking houses should join in an issue of that kind.

Mr. HINE. I do not know that I can state any reason.

Mr. UNTERMYER. Was it not because they had been jointly interested in previous issues of the same company?

Mr. HINE. I do not know that it was.

Mr. UNTERMYER. Had they not been jointly interested in previous issues?

Mr. HINE. I think they had.

Mr. UNTERMYER. Is it or is it not the custom when banking houses are interested or become interested in one kind of issues of a company, that they retain that interest in other issues?

Mr. HINE. Often it is so.

Mr. UNTERMYER. That is part of the banking ethics, is it not?

Mr. HINE. Yes, I would say it is; on satisfactory terms.

Mr. UNTERMYER. Is it another rule of banking ethics that bankers shall not interfere with one another's customers?

Mr. HINE. The same ethics obtain in banking that obtain in the legal profession and in the medical profession, as to infringing upon the preserves of others.

Mr. UNTERMYER. Well, what are the ethics in the banking profession as to trespassing upon the preserves of others?

Mr. HINE. If you will tell me what the ethics are in the legal world I will answer your question.

Mr. UNTERMYER. No; I would rather have you tell me the ethics in the world with which you are acquainted.

Mr. HINE. I can not state the matter any better than you have. It is the custom—I am not dealing in ethics.

Mr. UNTERMYER. What is the custom among bankers and banking houses as to anyone interfering with another's customers in business?

Mr. HINE. I do not know whether there is any custom. I think it is considered unprofessional.

Mr. UNTERMYER. Unbusinesslike?

Mr. HINE. And not in good form according to the highest principles of business practice?

Mr. UNTERMYER. It is not in accordance with banking ethics to interfere with or take customers away from firms; to take customers who have been doing business with some other banking house?

Mr. HINE. I think that is ordinarily considered high-minded practice—not to do so.

Mr. UNTERMYER. Suppose you illustrate.

Mr. HINE. I am unable to illustrate.

Mr. UNTERMYER. Illustrating that proposition, supposing the Union Pacific officials should come to the First National Bank and want you to make an issue for them, what would be your attitude?

Mr. HINE. I am unable to say.

Mr. UNTERMYER. Applying banking ethics, what would be your probable attitude?

Mr. HINE. It is an imaginary situation that I do not care to go into.

Mr. UNTERMYER. I think you ought to go into it. I shall ask you to go into it. In such a case what would you say? Would you say that this company is a customer of Kuhn, Loeb & Co., they are its bankers, and therefore you would not interfere?

Mr. HINE. If they had been doing business and were customers of Kuhn, Loeb & Co. for a series of years, we would not consider it high-minded practice to accept that business unless they stated distinctly that they preferred to do business with us instead of Kuhn, Loeb & Co. Under the latter circumstances we would be willing to accept it.

Mr. UNTERMYER. If they came to you it would be because they preferred to do business with you?

Mr. HINE. Not necessarily.

Mr. UNTERMYER. What other reason could there be?

Mr. HINE. I do not know. I am stating to you what we would do.

Mr. UNTERMYER. But what other reason could there possibly be for their coming to you?

Mr. HINE. I am not able to state.

Mr. UNTERMYER. Are there any conditions under which you would take the business of the Union Pacific?

Mr. HINE. There might be.

Mr. UNTERMYER. Under what possible conditions would you feel yourself or your bank justified, in conformity with banking ethics, in taking the business of the Union Pacific?

Mr. HINE. I have already indicated.

Mr. UNTERMYER. Well, under what conditions? Please tell me.

Mr. HINE. Under the conditions that they wished to discontinue with the parties with whom they had formerly dealt, or had been formerly connected with, and would like to connect with us.

Mr. UNTERMYER. If they wanted to discontinue with Kuhn, Loeb & Co., and said so, would you take that business without the consent of Kuhn, Loeb & Co.?

Mr. HINE. We would ask nobody's consent.

Mr. UNTERMYER. You would take it?
Mr. HINE. We seek no one's consent to accept business.
Mr. UNTERMYER. And you would take it from Morgan, too?
Mr. HINE. We would act according to our own judgment.
Mr. UNTERMYER. Have you ever done so?
Mr. HINE. I am unable to say whether we have ever had the opportunity.
Mr. UNTERMYER. Have you ever done it?
Mr. HINE. We could not have done it if we had not had the opportunity.
Mr. UNTERMYER. Have you ever had the opportunity of taking any business from Kuhn, Loeb & Co.?
Mr. HINE. I do not remember.
Mr. UNTERMYER. Or from Kidder, Peabody & Co.?
Mr. HINE. I do not remember.
Mr. UNTERMYER. Or from the National City Bank?
Mr. HINE. I do not remember.
Mr. UNTERMYER. In all the history of the dealings of the First National Bank have you ever known of a change of customers from one of those institutions to another?
Mr. HINE. I do not remember at the moment.
Mr. UNTERMYER. Have you prepared any list of the various issues of securities made by you, your house, or your bank, that are now among the assets of the various banks and trust companies of which you are a director?
Mr. HINE. I think not.
Mr. UNTERMYER. Are you familiar with the methods of railroad reorganization?
Mr. HINE. I am not.
Mr. UNTERMYER. You have never served on such committees?
Mr. HINE. No.
Mr. UNTERMYER. Mr. Hine, did you see the letter that was written by Mr. Baker after he left the stand, in response to questions that were put to him, to name any single industry, railroad or otherwise, with $10,000,000 or over, that had been issued by any banking house except one of a number of designated banking houses?
Mr. HINE. I think I did.
Mr. UNTERMYER. You saw the letter?
Mr. HINE. I think I did.
Mr. UNTERMYER. And you saw the name of the Studebaker Co. was given?
Mr. HINE. Yes.
Mr. UNTERMYER. It was the only one he named. Do you remember that issue?
Mr. HINE. No; I do not.
Mr. UNTERMYER. It was an issue of preferred stock, was it not?
Mr. HINE. I think so.
Mr. UNTERMYER. $13,500,000?
Mr. HINE. I think so.
Mr. UNTERMYER. Do you not know that Messrs. J. P. Morgan & Co. had a large interest in that company when that issue was made?
Mr. HINE. No; I do not.
Mr. UNTERMYER. And that the bulk of the proceeds of that issue went to pay them?
Mr. HINE. I do not.

Mr. UNTERMYER. Do you know anything about what their interest was in the Studebaker issue?

Mr. HINE. I do not.

Mr. UNTERMYER. Did you read Mr. Schiff's testimony before this committee?

Mr. HINE. I heard his testimony.

Mr. UNTERMYER. You were present?

Mr. HINE. Yes.

Mr. UNTERMYER. And you heard him, did you not, make the statement that he was in favor of individuals being able to combine to monopolize any interest so long as they did not do it through a holding company?

Mr. HINE. I heard his testimony. I do not remember his saying that.

Mr. UNTERMYER. Are you of the opinion that the law should be so changed that individuals can get together and monopolize an industry so long as they do not do it through a holding company?

Mr. HINE. I think individuals should have the right to acquire all that they can lawfully acquire and pay for.

Mr. UNTERMYER. We are not talking about acquiring what they can, and nobody is questioning the right of individuals to acquire what they can, lawfully. The question we are putting is of an entirely different character. Are you of the opinion that this committee should recommend any legislation, or that it would be proper to permit individuals to combine together to acquire a monopoly of any industry, so long as they do not do it through a holding company?

Mr. HINE. I have already stated that I think we are afflicted with too many laws rather than too few.

Mr. UNTERMYER. I understand; but you do not answer my question. Do you think that three or four or half a dozen individuals should be permitted lawfully to get a monopoly of industry by buying up all competitors, so long as they do not do it through a holding company?

Mr. HINE. It is a question I am unable to answer.

Mr. UNTERMYER. You have not any views on the subject?

Mr. HINE. I am not prepared to answer.

Mr. UNTERMYER. Are you also opposed to minority representations in banking institutions?

Mr. HINE. What do you mean by "minority representations"?

Mr. UNTERMYER. A representation of the minority in proportion to their holdings in the company, and cumulative voting?

Mr. HINE. I have never met a minority such as you describe.

Mr. UNTERMYER. You have never met a minority?

Mr. HINE. No.

Mr. UNTERMYER. What do you mean by that? Do you mean that 51 per cent is the whole thing and there is no such thing as a minority?

Mr. HINE. I mean that there has been absolute unanimity among the stockholders of all the institutions in which I am interested.

Mr. UNTERMYER. That is not the point.

Mr. HINE. When there is unanimity there can be no minority, can there?

Mr. UNTERMYER. Suppose there are nine directors to be elected in a corporation; you understand?

Mr. HINE. Yes.

Mr. UNTERMYER. Are you in favor of one-ninth of the stock having the right to elect one director—each one-ninth?

Mr. HINE. I am in favor of nine-ninths electing every director.

Mr. UNTERMYER. Yes, but suppose that 51 per cent of them elect them all, and the rest of the stock has no say; are you in favor of that system continuing?

Mr. HINE. I said before——

Mr. UNTERMYER. Are you in favor of that system continuing?

Mr. HINE. I am not prepared to express an opinion. I think it is a fantastic proposition.

Mr. UNTERMYER. You think it is fantastic?

Mr. HINE. I have never known of such a thing.

Mr. UNTERMYER. You have never known of a bare majority controlling a corporation?

Mr. HINE. I have never known such a thing.

Mr. UNTERMYER. You have never known of a bare majority controlling a corporation?

Mr. HINE. I never heard of anything but absolute unanimity. When there is unanimity, there can not be a minority, can there? That is plain.

Mr. UNTERMYER. How long have you been in Wall Street?

Mr. HINE. Seventeen years.

Mr. UNTERMYER. That is all.

Witness excused.

The CHAIRMAN. The committee will take a recess subject to call.

At 5.10 o'clock p. m. the subcommittee adjourned.

EXHIBIT NO. 227, JANUARY 24, 1913.

List of all securities of more than $100,000 in value held by the National City Bank of New York, N. Y., on July 23, 1912.

Bonds.	Par value.	Book value.
Asan. Simmons Hward. fives, 1917	$129,000.00	$123,276.87
Atchison, Topeka & Santa Fe convertible fours, 1960	1,355,000.00	1,318,062.12
Armour & Co.'s four-and-a-halfs, 1939	332,000.00	300,683.58
Bolivia Railway Co	511,500.00	358,405.04
Booth Fisheries sixes, 1926	1,803,000.00	1,739,895.00
Do	725,000.00	701,437.50
Baltimore & Ohio four-and-a-halfs, 1913	190,000.00	190,000.00
Butler Bros. fives, 1912-20	120,000.00	114,000.00
Chesapeake & Ohio general funding and improvement fives, 1929	382,000.00	388,086.99
Chicago, Burlington & Quincy (Illinois division) three-and-a-halfs, 1949	152,000.00	126,928.73
Chicago City & Connecting Ry. collateral trustee fives	322,000.00	289,312.25
Chicago City Railway syndicate sixes	950,000.00	856,080.00
Chicago & North Western general three-and-a-halfs, 1987	207,000.00	167,484.29
Consolidated Coal 1st and ref. fives, 1950	720,000.00	650,250.00
Consolidated Gas of New York fives 1912	4,400,000.00	4,479,680.55
Clinchfield Syndicate (5 per cent)		252,890.63
Cumberland Corporation	355,000.00	248,747.07
Cumberland Corporation fives, 1915	350,000.00	332,236.11
Chicago Elevated fives, 1914	150,000.00	148,125.00
Do	2,046,000.00	1,863,022.30
Chesapeake & Ohio four-and-a-half, 1914	1,129,000.00	1,111,956.87
Chicago, Milwaukee & Puget Sound first fours, 1949	410,000.00	381,496.22
Chicago & North Western general fours, 1987	213,000.00	188,222.15
Central New England Ry. Co. first fours, 1961	119,000.00	106,204.59
City of Budapest treasury bills, 1913	400,000.00	382,000.00
Chicago City and connecting railways collateral trust fives, 1927	200,000.00	174,000.00
Distillers second fives, 1927	498,000.00	385,051.46
Do	488,000.00	328,156.01

List of all securities of more than $100,000 in value held by the National City Bank of New York, N. Y., on July 23, 1912—Continued.

Bonds.	Par value.	Book value.
Detroit Terminal & Tunnel four-and-a-half, 1961	$780,000.00	$757,519.20
Do	764,000.00	762,039.12
Doniphan County, State of Kansas, refund four-and-a-half, 1915-30	333,000.00	332,935.23
Florida East Coast four-and-a-half, 1959	1,585,000.00	1,505,483.04
Hampshire Southern Ry. Co. first fives, 1934	275,000.00	242,007.78
Hocking Valley four-and-a-half, 1913	252,000.00	253,963.13
Illinois Central refund fours, 1955	236,000.00	227,009.30
Illinois Central R. R. Co. four-and-a-half, 1914	856,000.00	855,543.13
Kansas City, Fort Scott & Memphis refund fours, 1936	387,000.00	311,529.22
Kansas City Southern fives, 1950	315,000.00	301,361.54
Lackawanna Steel convertible fives, 1950	345,000.00	280,887.50
Metropolitan Street Railway consolidated fives, 1913	350,000.00	328,838.88
Monongahala Valley first fives, 1942	150,000.00	139,750.00
National Enamel and Stamp Co. fives, 1929	208,000.00	198,146.67
New York Central One Year four-and-a-halfs, 1913	500,000.00	499,000.00
New York Central & Hudson River four-and-a-halfs, 1915	1,835,000.00	1,546,239.93
Omaha Water Works four-and-a-halfs, 1941	657,000.00	660,845.50
Old Dominion Devel. Co. sixes, 1911	150,000.00	145,500.00
Oreg. Wash. R. R. & Nav. fours, 1961	319,500.00	289,232.43
Pacific Light & Power refunding fives, 1951	250,000.00	214,166.67
Piedmont Syndicate	560,000.00	560,000.00
Pennsylvania General Fr. Equipment fours, 1913-22	447,000.00	442,992.35
Rep. Iron & Steel fives, 1940	580,000.00	543,330.16
St. Louis & San Francisco R. R. N. O. T. & M. fives, 1940	250,000.00	238,195.11
St. Louis & San Francisco R. R. N. O. T. & M., fives, 1940	200,000.00	183,272.45
Seaboard Air Line refunding fours, 1959	2,655,000.00	2,157,187.50
Seaboard Air Line adjusted fives, 1949	232,000.00	192,753.34
Seaboard Air Line fours, 1950	266,000.00	238,489.92
Southern Pacific San Francisco Terminal first fours, 1950	235,500.00	207,113.40
State of California fives, "Fire Protection"	99,000.00	105,028.00
Sulzberger & Sons Co., 6 per cent debentures, 1916	100,000.00	100,000.00
Toledo Traction Co. extension sixes, 1913	222,000.00	219,510.49
United States of Mexico four and one-halfs, 1913	200,000.00	197,750.00
Union Bag & Paper fives "unstamped"	190,000.00	161,411.15
United Ry. Investment Co. first fives, 1926	190,000.00	156,191.92
United Light & Railways first and refunding fives, 1932	345,000.00	293,025.00
Virginian Ry. Co. first fives, 1962	514,300.00	503,476.27
Do	129,000.00	127,053.86
Washington Railway & Electric Co. fours, 1951	150,000.00	126,000.00
Wabash Pittsburgh Terminal first fours, 1954	290,000.00	119,901.09
New York City fours, 1959	256,000.00	255,419.25
New York City fours, 1936	109,000.00	108,104.16
New York State fours, 1961	160,000.00	165,238.07
New York City fours, 1957	321,000.00	320,474.40
New York City fours, 1956	157,080.00	155,334.72
New York City four and one-fourths, 1962	3,818,000.00	3,903,710.52

EXHIBIT No. 228.

MEMBERS OF THE NEW YORK CLEARING HOUSE ASSOCIATION AND THEIR NUMBERS.

NONMEMBER BANKS AND TRUST COMPANIES, AND NUMBERS OF THEIR CLEARING AGENTS, AS AUTHORIZED BY THE CLEARING HOUSE COMMITTEE.

Clearing house members and their numbers.

1. Bank of New York, National Building Association.
2. Bank of the Manhattan Co.
3. Merchants' National Bank.
4. Mechanics and Metals National Bank.
5. Bank of America.
8. National City Bank.
12. Chemical National Bank.
13. Merchants' Exchange National Bank.
15. National Butchers and Drovers' Bank.
17. Greenwich Bank.
21. American Exchange National Bank.
23. National Bank of Commerce.
26. Pacific Bank.
30. Chatham and Phenix National Bank.
31. Peoples' Bank.
33. Hanover National Bank.
36. Citizens' Central National Bank.
40. National Nassau Bank.
42. Market and Fulton National Bank.
44. Metropolitan Bank.
45. Corn Exchange Bank.
53. Importers and Traders' National Bank.
54. National Park Bank.
59. East River National Bank.
61. Fourth National Bank.
63. Second National Bank.
65. First National Bank.

67. Irving National Exchange Bank.
70. Bowery Bank.
71. New York County National Bank.
72. German-American Bank.
74. Chase National Bank.
75. United States Assistant Treasurer at New York.
76. Fifth Avenue Bank.
77. German Exchange Bank.
78. Germania Bank.
113. Peoples Trust Co., Brooklyn.
114. New York Trust Co.
115. Franklin Trust Co., Brooklyn.
116. Lincoln Trust Co.
117. Metropolitan Trust Co.
118. Nassau National Bank, Brooklyn.
119. Broadway Trust Co.

NONMEMBERS AND NUMBERS OF THEIR CLEARING AGENTS, NEW YORK CITY.

Boroughs of Manhattan and the Bronx.

Aetna National Bank	67
Bank of Montreal, agency	8
Bank of Washington Heights	61
Battery Park National Bank	54
Canadian Bank of Commerce, agency	21
Century Bank	30
Colonial Bank	17
Columbia Bank	8
Fidelity Bank	8
Mount Morris Bank	54
Mutual Bank	54
New Netherland Bank	61
Twenty-third Ward Bank (Bronx)	33
Yorkville Bank	54

Borough of Brooklyn.

Broadway Bank	4
First National Bank, Brooklyn	91
Manufacturers' National Bank	65
Mechanics' Bank	54
National City Bank	4
North Side Bank	54

NEW JERSEY.

First National Bank, Jersey City	21	Third National Bank, Jersey City	27
Hudson County National Bank, Jersey City	13	First National Bank, Hoboken	21
		Second National Bank, Hoboken	54

TRUST COMPANIES.

Hamilton Trust Co., Brooklyn	2	Mechanics' Trust Co., Bayonne, N. J.	33

Revised to June 4, 1912.

EXHIBIT 229, JANUARY 24, 1913.

KIDDER-PEABODY.

1. A list of the various interstate corporations that have been organized by your firm or any of the members thereof or that you or any of you have participated in organizing or the securities of which you have promoted, purchased, sold, or underwritten from 1907 to the present time.

NOTE.—The answer to this question is limited to cases where Kidder, Peabody & Co. have promoted, purchased, sold, or underwritten a new issue of securities, and does not include cases where they have dealt in securities which have already been issued, in the ordinary course of their business as brokers.

Answer:

American Telephone & Telegraph Co.
Amalgamated Copper Co.
American Coal Products Co.
Armour & Co.
Ayer Mills Co.
Atchison, Topeka & Santa Fe Railway.
Atlanta, Birmingham & Atlantic R. R. Co.
American Felt Co.
American Cotton Oil Co.
Boston & Maine R. R.
Boston & Albany R. R.
Boston & Lowell R. R.
Baldwin Locomotive Works.
Chesapeake & Ohio R. R.
Cumberland Corporation.
Chicago, Burlington & Quincy R. R.
Chicago, Milwaukee & Puget Sound R. R.

Answer—Continued.
Chicago & Northwestern R. R.
Chicago & Great Western R. R.
Chicago, Milwaukee & St. Paul R. R.
Cincinnati, Hamilton & Dayton R. R.
Chicago, Rock Island & Pacific R. R.
Delaware & Hudson R. R.
Eastern Leather Co.
Fitchburg R. R. Co.
Fiberoid Co.
Great Northern Railway.
Illinois Central R. R.
Illinois Steel Co.
Inspiration Consolidated Copper Co.
Kansas City, Mexico & Orient R. R.
Keystone Coal & Coke Co.
Lake Shore R. R.
Miami Copper Co.
Michigan Central R. R.
Missouri Pacific R. R.
Missouri Pacific, St. Louis, Iron Mountain & Southern Ry. Co.
Milwaukee, Sparta & Northwestern R. R.
Michigan State Tel. Co.
New York, Chicago & St. Louis.
New York Central & Hudson River R. R.
New York, New Haven & Hartford R. R.
New England Coal & Coke Co.
New York Telephone Co.
New England Telephone & Telegraph Co.
Northwestern Tel. Co.
New London Northern R. R. Co.
New York, Westchester & Boston Ry.
New York, New Haven & Hartford-Harlem & Port Chester.
New York, New Haven & Hartford-Boston & New York Air Line.
Oregon-Washington R. R. & Navigation Co.
Pacific Telephone & Telegraph Co.
Pawtuxet Valley R. R.
Portland & Ogdensburg R. R.
Pittsburg, Shawmut & Northern R. R.
Philadelphia, Baltimore & Washington.
Reading Co.
Roxford Knitting Co.
Republic Iron & Steel Co.
Southern Pacific Ry.
Southern Bell Telephone & Telegraph Co.
Southern Railway Co.
St. Croix Paper Co.
Southwestern Telephone & Telegraph Co.
Silesia Worsted Mills.
St. Louis & San Francisco R. R.
Simmons Hardware Co.
United Fruit Co.
United States Rubber Co.
United States Smelting, Refining & Mining Co.
Utah Co.
United States Worsted Co.
United Dry Goods Co., preferred.
Western Telephone & Telegraph Co.
Wabash R. R.

2. The present relations of your firm or of any of its members to all such corporations as directors, bankers, or otherwise.

Answer:
American Telephone & Telegraph Co., Robert Winsor, director.
American Coal Products Co., C. S. Sargent, jr., director.
Boston & Albany R. R., F. G. Webster, director.
Fitchburg R. R., Robert Winsor, director.
New England Coal & Coke Co., Robert Winsor, director.
United States Worsted Co., Robert Winsor, director.

3. The names of all interstate corporations for which you now act or have acted within the past five years as bankers, fiscal agents, or as depositary of the funds of such corporations or any of them, together with a statement showing the amounts of such deposits, if any, at stated periods for the past five years; also a list of the banks and trust companies, if any, with which your firm has in turn deposited the moneys of these corporations for which, if any, you have acted as depositary or banker.

NOTE.—In answering this question, Kidder, Peabody & Co. have included the names of all corporations which in their judgment by any possibility could be claimed to be interstate corporations, although it is doubtful whether one of the corporations named is an interstate corporation.

Answer:

Fore River Shipbuilding Co.

Amount of deposits:

Dec. 31, 1908	$211,672
Dec. 31, 1909	138,393
Dec. 31, 1910	27,375
Dec. 31, 1911	122,375
Nov. 30, 1912	72,087

New England Cotton Yarn Co.

Amount of deposits:

Dec. 31, 1908	$504,513
Dec. 31, 1909	366,301
Dec. 31, 1910	326,268
Dec. 31, 1911	790,388
Nov. 30, 1912	14,240

Cochrane Manufacturing Co.

Amount of deposits:

Dec. 31, 1908	$2,298
Dec. 31, 1909	3,645
Dec. 31, 1910	212
Dec. 31, 1911	216
Nov. 30, 1912	215

Union Mills Co.

Amount of deposits:

Dec. 31, 1908	$91,597
Dec. 31, 1909	5,557
Dec. 31, 1910	12,152
Dec. 31, 1911	151,202
Nov. 30, 1912	50,612

Royal Gem Mills Co. (department of Union Mills).

Amount of deposits:

Dec. 31, 1908	$103,302
Dec. 31, 1909	14,964
Dec. 31, 1910	103,362
Dec. 31, 1911	259,816
Nov. 30, 1912	163,287

New England Telegraph & Telephone Co.

Amount of deposits:

Dec. 31, 1910	$106,797
Dec. 31, 1911	24,790

Receiver of the Pittsburg, Shawmut & Northern Railroad Co.

Nov. 10, 1910	[1] $250,000

American Coal Products Co.

From one million to two million dollars.[1]

[1] Nothing now.

The moneys above mentioned have been deposited in the following banks and trust companies:

First National Bank, New York.
Bank of New York, National Bank of America.
Mechanics & Metals National Bank.
Bankers Trust Co.
Union Trust Co.
National Bank of Commerce.
National Shawmut Bank.
Second National Bank.
Beacon Trust Co.
New England Trust Co.
Old Colony Trust Co.
Merchants National Bank.
Boston Safe Deposit & Trust Co.
Commonwealth Trust Co.
National Bank of Commerce, New York.

4. A list of stock holdings of your firm and of the individual members thereof or that are held for the benefit of your firm or of any of its members in banks and trust companies as of January 1, 1912, and as of November 1, 1912.

NOTE.—The list of Kidder, Peabody & Co.'s holdings in the following answer includes stocks standing in the names of the individual partners but held for the benefit of the partnership.

Answer.

Kidder, Peabody & Co.'s holdings of bank and trust company stocks January 1, 1912.

58 Commonwealth Trust Co.
250 Fitchburg Trust Co.
370 National Bank of Commerce.
4,301 National Shawmut Bank.
2,908 Old Colony Trust Co.
129 Southbridge National Bank.
170 Union Trust Co., Springfield.
2,612 Worcester Trust Co.
485 Mechanics & Metals National Bank, N. Y.

Kidder, Peabody & Co.'s holdings of bank and trust company stocks November 1, 1912.

250 Fitchburg Trust.
2,788 Merchants National Bank, Boston (since sold).
370 National Bank of Commerce.
5,792 National Shawmut Bank.
3,587 Old Colony Trust Co.
129 Southbridge National Bank.
170 Union Trust Co., Springfield.
2,612 Worcester Trust Co.
485 Mechanics & Metals National Bank, N. Y.
114 Bank of New York.

William Endicott, jr.

50 shares National Bank of Commerce.
10 shares Bay State Trust Co.
100 shares New England Trust Co.
As trustee for his benefit, January 1, 1912–November 1, 1912:
225 shares Boston Safe Deposit & Trust Co.
21 shares National Bank of Commerce.
100 shares National Bank of Commerce.

F. W. Remick, January, 1912–November, 1912.

75 shares New England Trust Co.
50 shares Boston Safe Deposit & Trust Co.

Robert Winsor, January 1, 1912, and November 1, 1912.

10 shares Bank of New York, N. B. A.
10 shares Commonwealth Trust Co., Boston.
50 shares Federal Trust Co., Boston.
35 shares New England Trust Co., Boston.
10 shares Second National Bank of Boston.

F. G. Webster.

200 shares Worcester Safe Deposit & Trust Co.
117 shares Neponset National Bank of Canton, Mass.
125 shares Boston Safe Deposit & Trust Co.
100 shares New England Trust Co.

C. S. Sargent, jr., January, 1912–November, 1912.

25 shares Mechanics & Metals National Bank, New York.

5. A separate statement of interests acquired by your firm or any of the members thereof since 1905 in various banks and trust companies.

Answer:

Kidder, Peabody & Co.'s holdings of bank and trust company stocks acquired since January 1, 1905.

2,193 National Shawmut Bank.
1,920.72 Old Colony Trust Co.
1,422 Worcester Trust Co.
2,788 Merchants National Bank (since sold).
58 Commonwealth Trust Co.
250 Fitchburg Trust Co.
370 National Bank of Commerce.
129 Southbridge National Bank.
485 Mechanics & Metals National Bank, New York.
114 Bank of New York.

William Endicott, jr. (since 1905).

10 shares Bay State Trust Co.
As trustee:
100 shares Boston Safe Deposit & Trust Co.
100 shares National Bank of Commerce.

F. W. Remick.

75 shares New England Trust Co.
33 shares Boston Safe Deposit & Trust Co.

Robert Winsor (since 1905).

10 shares Bank of New York, N. B. A.
10 shares Commonwealth Trust Co., Boston.
50 shares Federal Trust Co., Boston.

F. G. Webster.

25 shares Boston Safe Deposit & Trust Co.
5 shares Neponset National Bank.

C. S. Sargent, jr.

25 shares Mechanics & Metals National Bank, New York.

6. A statement of sales of bonds made by your firm to life insurance companies since January 1, 1907.

NOTE.—It is assumed that this inquiry relates solely to bonds of interstate corporations.

Answer:

American Telephone & Telegraph Co., convertible fours	$50,000
American Telephone & Telegraph Co. 5 per cent notes	225,000
Boston & Maine Railroad fives	25,000
Boston & Maine sixes	25,000
Boston & New York Air Line fours	575,000
Boston & Albany (registered) three-and-a-halfs, 1952	33,000
Boston & Albany fours, 1934	50,000
Boston & Lowell (registered) three-and-a-halfs, 1923	50,000
Chicago & North Western three-and-a-halfs	50,000

Chicago & North Western fours	$50,000
Illinois Central fours	100,000
Missouri Pacific 6 per cent notes	100,000
Maine Central fours, 1913	50,000
Milwaukee, Sparta & Northwestern fours	302,000
New York Telephone first four-and-a-halfs	175,000
New London Northern Railroad fours, 1940	50,000
New York, New Haven & Hartford (Harlem & Port Chester fours) May, 1954	1,500,000
New York, New Haven & Hartford fours, 1955	100,000
New Haven & Northampton fours, 1956	950,000
Oregon-Washington R. R. & Navigation fours	15,000
Pacific Telephone & Telegraph fives	200,000
Pennsylvania R. R. convertible three-and-a-halfs	100,000
Pittsburgh, Shawmut & Northern fives	25,000
Pennsylvania R. R. fives	275,000
Southern Pacific convertible fours	25,000
Southern Bell Telephone fives	100,000
St. Louis & San Francisco fives	10,000
St. Croix Paper fives, 1918	25,000
United States Rubber fives	25,000
Wabash 5 per cent notes	25,000
Western Telephone & Telegraph fives	175,000

7. A list of securities of interstate corporations, together with the names of the companies, the amounts of the issues that have been sold, underwritten, or dealt in by you from 1907 to the present time.

NOTE.—In answering this question the total amount of the particular issue of securities has been stated in many cases, although Kidder, Peabody & Co. had an interest in only a part of the issue.

Answer:

Amalgamated Copper Co.

April, 1911, $500,000 notes fives.

American Coal Products Co.

December, 1911:

$2,000,000 preferred stock.

$1,500,000 5 per cent notes, due December, 1911–1914, called when stock was issued.

American Cotton Oil Co.

March, 1911, $200,000 fives.

American Felt Co.

April, 1912, $1,166,500 preferred.

American Smelters Securities.

August, 1912, 2,000 shares preferred "A" stock.

American Telephone & Telegraph Co.

January, 1907, $25,000,000 5 per cent notes.
January, 1907, $70,000,000 convertible fours.
November 28, 1908, $50,000,000 convertible fours.
October, 1910–November, 1911, $25,000,000 collateral trust fours.

Armour & Co.

June 24, 1909, $150,000 real estate first-mortgage four-and-a-halfs.

Atchison, Topeka & Santa Fe Railway.

August, 1908, $500,000 Atchison Transcontinental fours.

Atlanta, Birmingham & Atlantic Railroad Co. and allied corporations.

June, 1911, $200,000 1-year 5 per cent receivers' certificates.
June, 1912, $200,000 5 per cent receivers' certificates.

Ayer Mills Co.

February, 1909, $250,000 4½ per cent notes.
March, 1910, $400,000 4½ per cent notes.

Baldwin Locomotive Works.

$200,000 first fives.

Boston Rubber Shoe Co.

May, 1908, $260,000 5 per cent notes.

Boston & Albany Railroad.

March, 1910, $1,500,000 fours, 1934.
October, 1912, $1,000,000 four-and-a-halfs, 1937.

Boston & Lowell Railroad.

February, 1908, $150,000 6 per cent one-year notes, due 1909.

Boston & Maine Railroad.

January, 1907, $2,075,000 fours, 1926.
January, 1907, $750,000 fives, notes.
February and March, 1908, $750,000 sixes, notes.
September, 1908, $1,750,000 three-and-a-halfs, notes.
June, 1912, $1,000,000 fours, notes.

Buffalo & Susquehanna Railroad.

January, 1907, $250,000 5 per cent notes.

Central Pacific Railroad.

March, 1911, 500,000 francs fours.

Chesapeake & Ohio Railroad.

March, 1910, $300,000 convertible four-and-a-halfs.

Chicago, Burlington & Quincy Railroad.

February, 1909, $250,000 general fours, 1958.
February, 1911, $820,000 general fours, 1958.

Chicago Great Western Railroad.

August, 1909, $74,000 Chicago Great Western Railway first fours.

Chicago, Milwaukee & Puget Sound Railroad.

March, 1911, $1,500,000 first fours, 1949.

Chicago, Milwaukee & St. Paul Railroad.

December, 1909–January, 1910, $2,000,000, general fours, 1989.

Chicago & North Western Railroad.

January, 1909:
$1,230,000, general three-and-a-halfs.
$770,000, Manitowoc, Green Bay & Milwaukee & State Line three-and-a-halfs.
April, 1911, $1,038,000, general fours.

Chicago, Rock Island & Pacific Railway.

January, 1912, $500,000, debenture fours, 1932.

Cincinnati, Hamilton & Dayton Railroad.

March, 1910:
$120,000, first fours, 1959.
$250,000, first fours, 1959.

Cumberland Corporation.

Syndicate agreement dated June 1, 1906, and extended October 1, 1910, to July 1, 1911, K., P. & Co.'s interest, $140,000.
December 1, 1910, Clinchfield Syndicate formed to buy Cumberland Corporation's K., P. & Co.'s subscribers to Clinchfield Syndicate, $78,100.

Delaware & Hudson Railroad.

August, 1908, $200,000, first fours, 1943.
January, 1910, $685,000, first fours, 1943.

Eastern Leather Co.

May, 1912, $350,000, first fives.

Fiberloid Co.

February, 1912, 10,000 shares preferred.

Fitchburg Railroad Co.

May 14, 1908, $480,000, four-and-a-halfs, May, 1928.
February 1, 1908, $100,000, 6 per cent one-year coupon notes.

Great Northern Railway Co.

June, 1911, $500,000, first mortgage four-and-a-fourths.

Illinois Central Railroad.

November, 1908, $150,000, refunding fours, 1955.
November, 1911, $1,493,000, refunding fours, 1955.
July, 1912, $1,000,000, 4½ per cent notes, 1914.

Illinois Steel Co.

July, 1911, $100,000, four-and-a-halfs, 1940.
April, 1912, $50,000 four-and-a-halfs.

Inspiration Consolidated Copper Co.

January, 1912, $500,000, underwriting.

Kansas City, Mexico & Orient Railroad.

June, 1912, $1,000,000, receiver's certificates.

Keystone Coal & Coke Co.

January, 1911, $200,000 first sixes.

Lake Shore Railroad.

February, 1906, $1,500,000 fours, 1931.

Maine Central Railroad.

February, 1912, $1,000,000, 4 per cent notes, March, 1913.

Miami Copper Co.

October 28, 1909, $25,000, participation underwriting in 6 per cent convertible bonds.

Michigan Central R. R.

(See New York Central.)

Michigan State Tel. Co.

February, 1911, $250,000 fives.

Milwaukee, Sparta & Northwestern Railroad.

January, 1912, $2,250,000 first fours.

Missouri Pacific Railroad.

January, 1908, $375,000 Missouri Pacific 2-year sixes.
November, 1909, $200,000 Missouri Pacific convertible fives, 1959.
May, 1911, $1,500,000 Missouri Pacific 3-year notes, 1914.
November, 1911, $125,000 Missouri Pacific equipment certificates.

New England Coal & Coke Co.

August 1, 1907, to January 1, 1908, $1,500,000 New England Coal & Coke notes.
October 31, 1908, $750,000 New England Coal & Coke notes.
July 1, 1908, $1,500,000 New England Coal & Coke notes.

New England Telephone & Telegraph Co.

September 13, 1912, $1,000,000 New England Telephone & Telegraph 4-month notes.
October, 1912, $10,000,000 New England Telephone & Telegraph fives, 1932.

New London Northern Railroad Co.

March, 1910, $1,500,000 first mortgage 30-year fours.

New York Central & Hudson River Railroad.

March 1 to July 1, 1907:
$7,500,000 New York Central & Hudson River Railroad Co. 3-year 5 per cent notes.
$4,500,000 Lake Shore & Michigan Southern Railway Co. 3-year 5 per cent notes.
$3,000,000 Michigan Central Railroad Co. 3-year 5 per cent notes.
1911:
$300,000 New York Central equipment 3-year four-and-a-halfs.

New York, Chicago & St. Louis.

January, 1909, $100,000, 4 per cent debentures, 1931.
April, 1909, $100,000, 4 per cent debentures, 1931.

New York, New Haven & Hartford Railroad Co.

May 1, 1908:
$3,942,000 Harlem River & Port Chester first fours, May, 1954.
$1,802,000 Boston & New York Air Line first fours, August, 1955.
$160,000 Pawtuxet Valley first fours, April, 1925.
$3,208,000 New Haven & Northampton fours, June, 1956.
$2,000,000 3-year four-and-a-halfs and notes, $11,112,000, dated May 5, 1908, due May 5, 1911.
March 17, 1909, $5,000,000 1-year notes, dated March 18, 1909.
January 17, 1911, $4,000,000 4½ per cent coupon notes, due March 1, 1912.
November 20, 1912, $1,000,000 5 per cent 1-year notes.
October 1, 1907, $100,000 Harlem & Port Chester first fours, May, 1954.
October 1, 1907–January, 1908, $900,000 Boston & New York Air Line fours, August, 1955.

New York Telephone Co.

November, 1909, $12,500,000 first four-and-a-halfs.
March, 1910, $10,000,000 first four-and-a-halfs.
May 25, 1912, $10,000,000 first four-and-a-halfs.
September, 1912, $5,000,000 first four-and-a-halfs.

New York, Westchester & Boston Railway.

July, 1911, $200,000, first mortgage four-and-a-halfs.

Northwestern Telephone Co.

January, 1911, $1,000,000, year notes.

Oregon-Washington Railroad & Navigation Co.

May 25, 1911, $2,078,000, first fours, January, 1961.
November 6, 1911, $675,000, first fours.

Pacific Telephone & Telegraph Co.

March, 1909, $6,500,000, fives.

Pawtuxet Valley Railroad.

(See New Haven Railroad.)

Philadelphia, Baltimore & Washington.

March, 1911, $250,000, first fours.

Pittsburg, Shawmut & Northern Railroad.

October, 1910, $1,500,000, 5 per cent receiver's certificates.

Portland & Ogdensburg Railroad.

May, 1908, $455,000 first four-and-a-halfs, May 1, 1928.

Public Service Corporation of New Jersey.

November, 1909, $175,000, 6 per cent permanent certificates.

Reading Co.

February 6, 1911, $400,000, general mortgage fours.

Republic Iron & Steel Co.

February 7, 1910, $35,000, 10–30 year sinking fund fives.

Roxford Knitting Co.

August 2, 1911, $200,000, 5 per cent notes.

St. Croix Paper Co.

September 3, 1912, $805,000, paid on account participation St. Croix Paper five syndicate.

St. Louis, Iron Mountain & Southern Railway Co.

November, 1911, $125,000, equipment certificates.

St. Louis & San Francisco Railroad.

May, 1911, $200,000, 2-year 5 per cent notes.

Simmons Hardware Co.

November 1, 1911, $500,000, 5 per cent notes.

Southern Bell Telephone & Telegraph Co.

December, 1910, $5,000,000, first fives, 1941.

Southern Pacific Railway Co.

February, 1909, $250,000, convertible fours.
June, 1910, $500,000, San Francisco Terminal fours, 1950.

Southern Railway Co.

March, 1909, $250,000, general fours, Series A.

Southwestern Telephone & Telegraph Co.

January, 1911, $2,500,000, one-year notes.

United Dry Goods Co.

June 1, 1909, 500 shares preferred.

United Fruit Co.

December, 1908, $100,000, debenture four-and-a-halfs, 1923.

United States Rubber Co.

December, 1908, $1,500,000, collateral trust sixes.
March, 1908, $1,000,000, 5 per cent notes.
February, 1910, $500,000, collateral trust sixes.

United States Smelting, Refining & Mining Co.

October, 1910, 10,000 shares common.

United States Worsted Co.

November, 1912:
$3,778,900 first preferred.
$718,700 second preferred.
$2,700,000 common.

Utah Co.

April, 1912, $305,000 6 per-cent five-year notes.

Wabash R. R.

April, 1907, $95,000, refunding fours.

Western Electric Co.

January, 1910, $175,000, first fives.

Western Telephone & Telegraph Co.

May, 1907, $6,000,000, two-year notes.
January, 1910, $10,000,000, two-year notes.
January, 1911, $3,500,000, one-year notes.

8. A statement of the railroad and industrial corporations engaged in interstate commerce that have been recognized by you or under your direction as bankers, members of syndicates, or syndicate managers, either alone or in conjunction with other banks or bankers, together with the respective dates of such reorganizations; copies of the plans and agreements pursuant to which they were consummated; copies of any voting-trust agreements incidental thereto, and also a list of the initial boards of directors of such reorganized companies.

Answer. January, 1912, in conjunction with the Guarantee Trust Co., New York, received deposits of Live Oak Development Co. and Inspiration Copper Co., giving in exchange cash or Inspiration Consolidated Copper Co. stock. Prospectus herewith.

December, 1911, issued a circular to the holders of Parrot Silver & Copper Co., offering to exchange Parrot Silver & Copper Co. stock for Anaconda, as per circular inclosed.

PARROT SILVER & COPPER CO.,
42 BROADWAY,
New York, December 22, 1911.

To the Stockholders of the Parrot Silver & Copper Co.:

The plan of consolidation between your company and the Anaconda Copper Mining Co., by which all the physical assets of your company were conveyed to the Anaconda Co. in consideration of 90,000 shares of the full-paid capital stock of the Anaconda Co., has long since been fully carried out and completed.

Ever since its inception the transaction has met with the unqualified support and approval of the vast majority of the stockholders of the company.

Upon its completion the plan necessarily involved the dissolution of your company, in order that the unnecessary cost of maintaining a separate organization might be avoided. Subsequent to the conveyance to the Anaconda Co. proceedings were instituted by the holders of a small minority of the Parrot stock to have the cash value of of their holdings appraised, in accordance with the Montana statute, so that they might receive such value in cash. But when the matter was brought on for hearing it was voluntarily dismissed by the petitioning stockholders.

At the same time the owners of 1,210 shares of Parrot stock instituted an action in the United States Circuit Court, district of Montana, seeking to set aside the conveyance of the property of the Parrot Co. to the Anaconda Co. Since the institution of that suit every effort has been made by us to have the case tried and disposed of on the merits as speedily as possible; but vexatious delay has heretofore prevented our bringing the matter to final termination.

With the exception of these 1,210 shares, representing only about one-half of 1 per cent of the entire capital stock of 229,850 shares, it is believed that the stockholders of the company are entirely satisfied with the consolidation effected with the Anaconda Co. Numerous inquiries have been received from outstanding shareholders as to when the Anaconda stock and other capital assets of the Parrot Co. will be divided among the shareholders. Much to our regret this division has been prevented by the pendency of the litigation referred to. To avoid the further indefinite delay that may thus be caused we have succeeded in making an arrangement with the Amalgamated Copper Co., by which that company, as the owner of a large amount of Anaconda stock, has agreed to take over all of the stock of the Parrot Co. from the shareholders of that company, upon exactly the same basis as such shareholders would be entitled to receive if the Parrot Co. were now dissolved and its capital assets distributed among its shareholders.

The financial condition of your company is shown upon the accompanying statement as it existed on the 20th of December, 1911. It is not expected that this condition will change to any appreciable extent in the period during which the offer of exchange will remain open. As shown by the said statement, each stockholder of the Parrot Co. will be entitled to receive 0.3915597 share in capital stock of the Anaconda Copper Mining Co. and 25 cents in cash for each share of Parrot stock delivered.

Stockholders desiring to avail themselves of this privilege must do so, in accordance with the conditions imposed by the Amalgamated Copper Co., on or before January 15, 1912, by presenting their certificates, duly transferred in blank, at the offices of Kidder, Peabody & Co., at 115 Devonshire Street, Boston, Mass., or 56 Wall Street, New York City, who will give their receipts for the same, exchangeable for Anaconda stock and for the cash to which they may be entitled as aforesaid. To facilitate the exchange in the case of fractional shares, Kidder, Peabody & Co. will purchase or sell the receipts which they may issue for such shares.

By order of the board of trustees.

Respectfully,

A. H. MELIN, *President.*

Parrot Silver & Copper Co.—Statement of condition December 20, 1911.

Securities owned: 90,000 shares of the capital stock of the Anaconda Copper Mining Co. of the par value of $25 each—cost value	$1,901,963.58
Cash in bank	58,026.06
Total assets	1,959,989.64
Accounts payable	563.56
Net assets	1,959,426.08

The authorized capital stock of the Parrot Silver & Copper Co. is 230,000 shares of the par value of $10 each, of which 229,850 shares are issued and outstanding. In a

distribution of the net assets of the company at this date stockholders would receive capital stock of the Anaconda Copper Mining Co. and cash in the ratio of 0.3915597 Anaconda share and 25 cents cash for each share of Parrot stock.

We have examined the books of the Parrot Silver & Copper Co. to December 20, 1911, and have verified the above statement which we hereby certify to be correct.

POGSON, PELOUBET & CO., *Auditors.*

DECEMBER 20, 1911.

ROCKLAND-ROCKPORT LIME CO.—INITIAL BOARD OF DIRECTORS.

Five chosen June 23, 1911: William T. White, president, Rockland, Me.; Robert Winsor, Boston; William T. Cobb, Rockland, Me.; Joseph Remick, Boston; H. A. Buffum, Rockland, Me.

Member July 1: John F. Hill, Augusta, Me.

Three chosen August 23, 1911: Alfred Winsor, Boston; Henry H. Skinner, Springfield, Mass.; James L. Richards, Boston.

To the holders of debenture bonds, preferred and common stock of the Rockland-Rockport Lime Co.:

The debenture bonds of the company amounting to $1,000,000 become due on April 1, 1911. The company is not in a position to pay them. In view of this situation the undersigned committee were requested some weeks ago to consider what action should be taken to preserve the property and to prepare a plan of reorganization for the stockholders.

The assets and liabilities of the company at their book valuation as of December 31, 1910, were as follows:

Financial statement December 31, 1910.

ASSETS.

Plant investment	$3,567,477.14
First mortgage bond sinking fund	1,199.52
Furniture and fixtures	4,990.65
Cash and bills receivable	241,890.56
Unexpired insurance	20,260.26
Lime insurance fund	24,618.64
Notes receivable	46,157.71
Stocks on hand, at cost	217,616.17
Wood lots	5,567.25
Lime Rock Railroad Co	1,261.86
	4,131,039.76

LIABILITIES.

Common capital stock	875,000.00
Preferred capital stock	825,000.00
First mortgage 5 per cent bonds	988,500.00
Five per cent debenture bonds	1,000,000.00
Interest accrued and unpaid	33,094.13
Accounts payable	113,689.31
Mortgage note account	80,000.00
Contingent reserve	3,500.00
Undivided profits	212,256.32
	4,131,039.76

While this statement shows a substantial surplus of assets at their book valuation over and above the company's liabilities, the committee are satisfied that at any forced sale of the property there would be nothing left for the stockholders, even if the debenture bondholders should be paid in full.

———, 1911.

To William T. Cobb, John F. Hill, Fred E. Richards, Herbert L. Shepherd, William T. White, Robert Winsor, committee of reorganization of the Rockland-Rockport Lime Co.; Kidder, Peabody & Co., agents, 115 Devonshire Street, Boston:

I, ——— ———, being the owner of ——— shares of the common stock of the Rockland-Rockport Lime Co., hereby assent to the plan of reorganization signed by the above committee and dated March 28, 1911, and hand you herewith certificates indorsed in blank for said ——— shares of common stock upon the understanding that when said plan of reorganization is effected I am to receive for each $100 par value of common stock deposited by me $20 par value of 7 per cent noncumulative preferred stock and $50 par value of common stock of the new corporation upon payment by me, within 30 days after notice from the reorganization committee that said plan has been effected, of $15 per share for each share of common stock of the present corporation held by me.

I hereby authorize the reorganization committee, or their successors or a majority of them, to transfer and vote on the stock so deposited and to do all other acts and exercise all rights in respect thereof which they may deem necessary or desirable to effect the aforesaid reorganization.

Name: ——— ———.
Address: ——— ———.

The net earnings of the company for the past six years, including 1910, after paying interest on the first mortgage bonds and deducting bad debts, were $611,328.06, or an annual average of $101,888.01.

During the past year several experts have been employed in making a thorough investigation of the present methods of producing lime, and this committee has the assurance of these experts that by changes of methods and by the installation of new equipment savings can be made in the cost of manufacture which will result in an additional annual profit of approximately $60,000. On this assumption, with the past six years' earnings as a basis, the annual net earnings of the company, after all interest is paid, should be approximately $112,000.

In order to install the new equipment called for by the above recommendation, it will be necessary to provide additional cash capital.

The committee have formulated a plan of reorganization, of which a copy is inclosed herewith, which they unanimously recommend to the acceptance of the debenture bondholders and the holders of preferred and common stock. This plan, in the judgment of the committee, is fair to the various parties in interest. It also affords to the stockholders an opportunity to retain their property. In the judgment of the committee the property should show a substantial increase in earnings if the improvements which have been suggested are adopted.

A majority of the debenture bonds of the preferred stock and of the common stock have already assented to the plan herewith submitted by the committee.

The debenture bondholders and the stockholders who assent to the plan may sign the inclosed assent and deposit it, together with their debenture bonds or certificates of stock indorsed in blank, with Kidder, Peabody & Co., 115 Devonshire Street, Boston, as agents for the committee, up to and including the 12th day of April, 1911, and will receive Kidder, Peabody & Co.'s receipt therefor. No assents or deposits of debentures or stock will be received after April 12, except in the discretion of the committee.

The committee reserve the right to carry out the proposed plan of reorganization by such method as in their judgment may be necessary or desirable, making use of the deposited bonds and stock for that purpose.

Stockholders are requested to sign and forward to Kidder, Peabody & Co. as agents for the committee the inclosed proxies which, if formal action at a stockholders' meeting becomes necessary, will be voted in such manner as to carry into effect the proposed plan of reorganization.

WILLIAM T. COBB,
JOHN F. HILL,
FRED E. RICHARDS,
HERBERT L. SHEPHERD,
WILLIAM T. WHITE,
ROBERT WINSOR,
Reorganization Committee.

MARCH 28, 1911.

FORM OF PROXY.

Know all men by these presents:

That I, ——— ———, being a stockholder in the Rockland-Rockport Lime Co., do hereby constitute and appoint William T. Cobb, John F. Hill, Fred E. Richards, Herbert L. Shepherd, William T. White, and Robert Winsor, or any one of them, my attorney or attorneys in fact, with full power of substitution, to vote for me and in my behalf at any meeting of the stockholders of the Rockland-Rockport Lime Co. which may be called and held within three months from the date hereof.

Witness my hand this —— day of ———, 1911.

———— ————.
———— ————.

To William T. Cobb, John F. Hill, Fred E. Richards, Herbert L. Shepherd, William T. White, Robert Winsor, committee of reorganization of the Rockland-Rockport Lime Co., Kidder, Peabody & Co., Agents, 115 Devonshire Street, Boston:

I, ——— ———, being the owner of ——— debenture bonds of the Rockland-Rockport Lime Co., hereby assent to the plan of reorganization signed by the above committee and dated March 28, 1911, and hand you herewith said bonds upon the understanding that when said plan of reorganization is effected I am to receive for each $1,000-bond deposited by me a new $1,000 debenture bond of the new corporation, carrying interest from April 1, 1911, and $100 in cash.

I hereby authorize the reorganization committee, or their successors or a majority of them, to do all acts and exercise all rights in respect of said bonds which they may deem necessary or desirable to effect the aforesaid reorganization.

Name, ——— ———,
Address, ——— ———.

To the debenture bondholders of the Rockland-Rockport Lime Co.:

Having placed a considerable number of the debenture bonds of the Rockland-Rockport Lime Co., we now offer to purchase on April 1, 1911, for $1000, each, the debenture bonds of any holder who does not wish to accept the terms offered in the inclosed plan of reorganization.

The April 1 coupon will be paid by the company.

Respectfully, yours,

KIDDER, PEABODY & CO.

BOSTON, *March 28, 1911.*

PLAN OF REORGANIZATION OF THE ROCKLAND-ROCKPORT LIME CO.

It is proposed to organize a new corporation under the laws of such State as the committee may deem expedient, and that the new corporation shall issue $1,000,000 5 per cent debenture bonds due February 1, 1920, $587,500 7 per cent noncumulative preferred stock, $850,000 common stock, for which it will receive the entire property and assets of the Rockland-Rockport Lime Co., subject to the indebtedness of that company other than its debenture bonds.

The holders of debenture bonds of the present Rockland-Rockport Lime Co. who assent to the plan will receive for each $1,000 bond now held by them, one $1,000 debenture bond of the new corporation and $100 in cash.

The preferred stockholders of the present Rockland-Rockport Lime Co. who assent to the plan will receive, in place of each $100 par value of preferred stock in the present company, $50 par value of 7 per cent noncumulative preferred stock and $50 par value of common stock of the new corporation upon payment of $20 per share for each share of preferred stock in the present corporation held by them.

The common stockholders of the present Rockland-Rockport Lime Co. who assent to the plan will receive, in place of each $100 par value of common stock in the present company, $20 par value of 7 per cent noncumulative preferred stock and $50 par value of common stock of the new corporation upon payment of $15 per share for each share of common stock in the present corporation held by them.

The amount of cash received from the payments by the preferred and common stock, if the holders all assent to the plan, will be $296,250, which will be used for carrying into effect the proposed plan of reorganization and to provide additional cash working capital for the new corporation.

The reorganization committee reserves the right to arrange for the issue of any of new preferred and common stock which is not taken by the present stockholders upon payment of the assessment above provided for.

No commissions are being paid in connection with the proposed reorganization, and the committee in charge is serving without compensation.

WILLIAM T. COBB,
JOHN F. HILL,
FRED E. RICHARDS,
HERBERT L. SHEPHERD,
WILLIAM T. WHITE,
ROBERT WINSOR,
Reorganization Committee.

MARCH 28, 1911.

INSPIRATION CONSOLIDATED COPPER CO.

Inspiration Consolidated Copper Co., incorporated under laws of State of Maine, 42 Broadway, New York City, N. Y.

Officers: William B. Thompson, president; William D. Thornton, vice president Joseph W. Allen, secretary-treasurer.

Directors: John F. Alvord, Thomas F. Cole, Edmund C. Converse, William E. Corey, Charles A. Corliss, Philip L. Foster, Henry B. Hovland, Eugene Meyer, jr., William G. Rockefeller, John D. Ryan, Charles H. Sabin, William B. Thompson, William D. Thornton, Albert H. Wiggin.

Transfer agents: Guaranty Trust Co. of New York, N. Y.; Old Colony Trust Co., Boston.

Registrars: Bankers Trust Co., New York; National Shawmut Bank, Boston.

INSPIRATION COPPER CO., 25 BROAD STREET,
New York City, N. Y., January 6, 1912.

To the stockholders of Inspiration Copper Co.:

Inclosed we are sending you two offers, dated January 6, 1912, as follows:

Offer of Inspiration Consolidated Copper Co. giving you the privilege until and including January 29, 1912, of exchanging stock of your company for full-paid stock of that company on the basis of two shares of stock of your company for one share of stock of that company.

Offer of Guaranty Trust Co. of New York and Kidder, Peabody & Co. of Boston to purchase and pay $10 cash, until and including January 29, 1912, for each share of Inspiration Copper Co. stock.

Stockholders desiring to accept either offer must deposit their certificates of stock on or before January 29, 1912, duly indorsed, with said Guaranty Trust Co. or Kidder, Peabody & Co. as provided in said offers.

You will note that the offer of Inspiration Consolidated Copper Co. provides that all stockholders of that company of record at the close of business on February 1, 1912, will be offered the privilege of subscribing for its $6,000,000 of convertible bonds at par. As this privilege will probably be valuable the prompt exchange of shares is advisable.

The incorporation of Inspiration Consolidated Copper Co. and its making the above offer to exchange shares are the result of conferences between W. H. Aldridge and Henry Krumb, representing your company, and H. B. Hovland and M. E. McCarthy, representing Live Oak Development Co. These engineers have determined on what they consider a just and fair basis for the consolidation of the properties of these two companies, and their joint recommendation to the stockholders of the two companies is as follows:

"*To the shareholders of the Inspiration Copper Co. and Live Oak Development Co.:*

"The undersigned, committee of engineers, representing the Inspiration Copper Co. and the Live Oak Development Co., have made a study of the two properties and their respective values and hereby report as follows:

"After carefully going over the maps, assay sheets, and reports of the said properties, we find the Inspiration Co. ore reserves amount to 30,300,000 tons, assaying 1.95 per cent copper, and the Live Oak Co. 15,000,000 tons, assaying 2.11 per cent copper.

"We find the Inspiration Co. has approximately $1,400,000 in cash in the treasury and the Live Oak Co. has approximately $300,000 cash in its treasury.

"After due consideration was given to the respective tonnages of ore and the amount of money already spent by the respective companies in the development of their properties, as well as the additional amount which will be required for plant and preparatory mining work to place them on a producing basis, it was agreed that on the present issued capital stock one share of Live Oak is equivalent in value to four shares of Inspiration, and we recommend that the Inspiration and the Live Oak properties be consolidated on said basis. Such a consolidation will be of great mutual advantage, and the terms are fair.

"Dated: December 20, 1911.

"W. H. ALDRIDGE,
"HENRY KRUMB.
"H. B. HOVLAND.
"M. E. MCCARTHY."

Inspiration Copper Co. has $10,000,000 capital stock, all common, divided into 1,000,000 shares, par $10, all of which are issued and outstanding.

Live Oak Development Co. has $937,500 capital stock, all common, divided into 93,750 shares, par $10, now issued and outstanding, and no further issue of the shares of this company is to be made.

Many of the large stockholders in your company have signified their intention of accepting the offer to exchange their shares for stock of Inspiration Consolidated Copper Co. Your board of directors, by resolution passed at a meeting held on January 5, 1912, recommended all stockholders to exchange their stock and have directed that this notice be sent to all stockholders of record.

H. F. J. KNOBLOCH,
Secretary.

LIVE OAK DEVELOPMENT CO.,
42 BROADWAY,
New York City, N. Y., January 6, 1912.

To the stockholders of Live Oak Development Co.:

Inclosed we are sending you two offers, dated January 6, 1912, as follows:

Offer of Inspiration Consolidated Copper Co. giving you the privilege until and including January 29, 1912, of exchanging stock of your company for full-paid stock of that company on the basis of one share of stock of your company for two shares of stock of that company.

Offer of Guaranty Trust Co. of New York and Kidder, Peabody & Co. of Boston, to purchase and pay $40 cash until and including January 29, 1912, for each share of Live Oak Development Co. stock.

Stockholders desiring to accept either offer must deposit their certificates of stock on or before January 29, 1912, duly indorsed, with said Guaranty Trust Co. or Kidder, Peabody & Co., as provided in said offers.

You will note that the offer of Inspiration Consolidated Copper Co. provides that all stockholders of that company of record at the close of business on February 1, 1912, will be offered the privilege of subscribing for its $6,000,000 of convertible bonds at par. As this privilege will probably be valuable, the prompt exchange of shares is advisable.

The incorporation of Inspiration Consolidated Copper Co. and its making the above offer to exchange shares are the result of conferences between H. B. Hovland and M. E. McCarthy, representing your company, and W. H. Aldridge and Henry Krumb, representing Inspiration Copper Co. These engineers have determined on what they consider a just and fair basis for the consolidation of the properties of these two companies and their joint recommendation to the stockholders of the two companies is as follows:

"*To the shareholders of the Inspiration Copper Co. and Live Oak Development Co.:*

"The undersigned, committee of engineers, representing the Inspiration Copper Co. and the Live Oak Development Co., have made a study of the two properties and their respective values and hereby report as follows:

"After carefully going over the maps, assay sheets, and reports of the said properties, we find the Inspiration Co. ore reserves amount to 30,300,000 tons assaying 1.95 per cent copper, and the Live Oak Co. 15,000,000 tons assaying 2.11 per cent copper.

"We find the Inspiration Co. has approximately $1,400,000 in cash in the treasury and the Live Oak Co. has approximately $300,000 cash in its treasury.

"After due consideration was given to the respective tonnages of ore and the amount of money already spent by the respective companies in the development of their

properties, as well as the additional amount which will be required for plant and preparatory mining work to place them on a producing basis, it was agreed that on the present issued capital stock one share of Live Oak is equivalent in value to four shares of Inspiration, and we recommend that the Inspiration and the Live Oak properties be consolidated on said basis. Such a consolidation will be of great mutual advantage, and the terms are fair.

"Dated December 20, 1911.

"W. H. ALDRIDGE.
"HENRY KRUMB,
"H. B. HOVLAND,
"M. E. MCCARTHY."

Live Oak Development Co. has $937,500 captial stock, all common, divided into 93,750 shares, par $10, now issued and outstanding, and no further issue of the shares of this company is to be made.

Inspiration Copper Co. has $10,000,000 capital stock, all common, divided into 1,000,000 shares, par $10, all of which are issued and outstanding.

Many of the large stockholders in your company have signified their intention of accepting the offer to exchange their shares for stock of Inspiration Consolidated Copper Co. Your board of directors, by resolution passed at a meeting held on January 6, 1912, recommended all stockholders to exchange their stock, and have directed that this notice be sent to all stockholders of record.

THE BOARD OF DIRECTORS,
By HARVEY P. SMITH, *Secretary*.

[Guaranty Trust Co. of New York, 28 Nassau street, New York City, N. Y.; Kidder, Peabody & Co., 115 Devonshire street, Boston, Mass.]

JANUARY 6, 1912.

To the stockholders of Inspiration Copper Co. and Live Oak Development Co.:

The undersigned, as agents for underwriters, hereby offer to purchase for cash until and including January 29, 1912, shares of Inspiration Copper Co., a Maine corporation, at $10 per share, and shares of Live Oak Development Co., an Arizona corporation, at $40 per share.

All certificates offered must be indorsed and witnessed so as to make a good delivery under the rules of the New York Stock Exchange or the Boston Stock Exchange, as the case may be, and must be accompanied by written instructions as to when payment is to be made and where checks are to be sent.

The New York law requires payment of a stock transfer tax of 2 cents on each $100 and fraction thereof, par value of the stock. Certificates deposited with Guaranty Trust Co. must be accompanied by money or the tax stamps to pay this tax.

GUARANTY TRUST CO. OF NEW YORK,
KIDDER, PEABODY & CO., *Agents*.

[Exchanging shares.]

JANUARY —, 1912.

To Guaranty Trust Co. of New York, 28 Nassau Street, New York, N. Y., or Kidder, Peabody & Co., 115 Devonshire Street, Boston, Mass.:

GENTLEMEN: Herewith I deliver to you certificates of stock of Inspiration Copper Co. for ——— shares as follows:

Number of certificates, ———; number of shares, ———.

Certificates of stock of Live Oak Development Co. for ——— shares as follows:

Number of certificates, ———; number of shares, ———.

All duly indorsed.

Also $——— to pay New York State transfer tax.

You will issue in exchange therefor certificates as follows:

One share of Inspiration Consolidated Copper Co. for every two shares of Inspiration Copper Co. herewith delivered; two shares of Inspiration Consolidated Copper Co. for each one share of Live Oak Development Co. herewith delivered.

All such certificates to be issued in the name of ——— ———, whose residence is ——— ———.

Very truly, yours,

(Name of sender) ——— ———,
(Address) ——— ———

[Depositing shares for cash.]

JANUARY —, 1912.

To Guaranty Trust Co. of New York, 28 Nassau Street, New York City, N. Y., or Kidder, Peabody & Co., 115 Devonshire Street, Boston, Mass.:

GENTLEMEN: Herewith I deliver to you certificates of stock of Inspiration Copper Co. for ——— shares, as follows:

Numbers of certificates, ———; number of shares, ———.

Certificates of stock of Live Oak Development Co. for ——— shares, as follows:

Numbers of certificates, ———; number of shares, ———.

All duly indorsed.

Also $———, to pay New York State transfer tax.

For above shares please forward me your check, payable to my order, for $———.

Very truly, yours,

(Name of sender) ——— ———,

(Address) ——— ———.

INSPIRATION CONSOLIDATED COPPER CO.,

42 Broadway, New York City, N. Y., January 6, 1912.

To the stockholders of Inspiration Copper Co. and Live Oak Development Co.:

Inspiration Consolidated Copper Co., incorporated under the laws of Maine, with an authorized capital of $30,000,000, all common stock, divided into 1,500,000 shares, par value $20 each, hereby offers the stockholders of Inspiration Copper Co., a Maine corporation, and Live Oak Development Co., an Arizona corporation, the privilege, until and including January 29, 1912, of exchanging their stock for full-paid stock of Inspiration Consolidated Copper Co. on the basis of two shares of Inspiration Copper Co. stock for one share of Inspiration Consolidated Copper Co. stock, and one share of Live Oak Development Co. stock for two shares of Inspiration Consolidated Copper Co. stock.

Guaranty Trust Co. of New York, No. 28 Nassau Street, New York City, N. Y., and Kidder, Peabody & Co., No. 115 Devonshire Street, Boston, Mass., are authorized, until and including January 29, 1912, to receive certificates of stock of your companies offered for exchange on the foregoing basis, when such certificates are indorsed and witnessed so as to make a good delivery under the rules of the New York Stock Exchange or the Boston Stock Exchange, as the case may be, and must be accompanied by written instructions giving name and address of person to whom certificate is to be issued. Temporary stock certificates will be issued as soon as prepared.

No fraction of a share will be issued, but the depositary will pay $10 in cash for any odd share of Inspiration Copper Co. so deposited.

All stockholders of Inspiration Consolidated Copper Co. of record at the close of business on February 1, 1912, will be offered the privilege, to and including March 1, 1912, of subscribing for its $6,000,000 of convertivle bonds at par, pro rata to the number of shares held by such stockholders, respectively, or in less amounts, but only in multiples of $500, payable in four equal installments on March 1, 1912, September 1, 1912, March 1, 1913, and September 1, 1913. These bonds will be 10-year 6 per cent coupon bonds, convertible into stock of the company at $25 per share, redeemable by the company by lot at $110, with accrued interest on any interest day, and will be in denominations of $500 and $1,000 each.

All the stock required to effectuate the offer made by Guaranty Trust Co. of New York, and Kidder, Peabody & Co., to purchase stock of your companies and also said $6,000,000 bond issue, have been underwritten at par by responsible parties.

The company intends proceeding immediately to have erected a concentrating plant of not less than 7,500 tons daily capacity, to treat the Inspiration and Live Oak ores, and contemplates that not over 1,000,000 shares will be required to accomplish this and provide for the above exchange of shares and conversion of bonds.

The New York law requires payment of a stock transfer tax of 2 cents on each $100 and fraction thereof, par value of the stock. Certificates deposited with Guaranty Trust Co. of New York must be accompanied by money or the tax stamps to pay this tax.

By order of the board of directors of Inspiration Consolidated Copper Co.:

J. W. ALLEN, *Secretary.*

UNION MILLS INITIAL BOARD OF DIRECTORS.

New board, December 7, 1909: C. Minot Weld, president, Boston; Robert Winsor, Boston; William Endicott, jr., Boston; Frank W. Remick, Boston; J. H. Reaney, St. Johnsville, N. Y.

New England Cotton Yarn Co.: Robert Winsor, director.
Royal Gem Mills Co.: William Endicott, jr., president and director

---

UNION MILLS CALL FOR SPECIAL STOCKHOLDERS' MEETING.

To the stockholders of Union Mills:

By direction of the president, a special meeting of the stockholders of Union Mills is hereby called, to be held at the office of the company, No. 396 Congress Street, Portland, Me., on Saturday, the 30th day of October, 1909, at 11 o'clock a. m., for the following purposes, namely:

1. To take such action as the stockholders may deem expedient with reference to approving an increase in the authorized capital stock of the company by authorizing 7,200 additional shares of preferred stock of the aggregate par value of $720,000, which preferred stock shall be entitled to the same preferences and priorities as the existing preferred stock, and by authorizing 12,200 additional shares of common stock of the aggregate par value of $1,220,000, so that the authorized capital stock of the company as thus increased shall consist of 10,000 shares of preferred capital stock of the aggregate par value of $1,000,000 and 15,000 shares of common capital stock of the aggregate par value of $1,500,000.

2. To take such action as the stockholders may deem expedient with reference to authorizing a purchase of all the property and assets of the Royal-Gem Mills Co., a corporation organized under the laws of the State of Maine, and to pay therefor the sum of $742,200, which sum is to be paid by the issuance of $150,000 par value of the 6 per cent preferred stock of this company and $592,200 par value of the common stock of this company; this company also to assume all the outstanding obligations and liabilities of said Royal-Gem Mills Co., other than its bonded indebtedness, which is to be discharged by said company forthwith.

3. To approve the action of the directors of the company in heretofore declaring an extra dividend from surplus profits to the common stockholders of the company equal to the amount of $205.65 per share, payable to holders of record at the close of business on October 29, 1909, of the existing 2,800 shares of common stock of this company, and to take such action as the stockholders may deem expedient with reference to authorizing the issuance of 5,758 additional shares of the common stock of the company and offering the same for subscription at par ratably to the common-stock holders of record at the close of business on said 29th day of October, 1909, said common-stock holders to be entitled to apply in payment of their subscriptions the extra dividend of $205.65 per share on the company's common capital stock.

4. To take such action as the stockholders may deem expedient with reference to authorizing the directors of the company to cause to be issued the balance of authorized preferred and common stock of the company at such times, in such amounts, and for such purposes as they deem desirable and for the best interests of the company; provided, that if said stock is sold for cash, the price shall not be less than $100 per share.

5. To take such action as the stockholders may deem expedient with reference to authorizing a lease to this company for the term of ninety-nine (99) years (with an option of purchase to this company) of all the property and assets of the New England Cotton Yarn Co., a corporation organized under the laws of the Commonwealth of Massachusetts, this company agreeing to pay as part of the rental therefor annual payments at the rate of 6 per cent per annum on the preferred stock and 7½ per cent per annum on the common stock of the New England Cotton Yarn Co., and said lease to contain such other terms and provisions as may be authorized or approved by the stockholders; also to take such action as the stokcholders may deem expedient with reference to authorizing the execution of a mortgage or mortgages by this company on a part or all of its property to secure performance of said lease and any of the covenants of the lessee as therein provided.

6. To transact such other business as may come before the meeting.

Dated this 22d day of October, 1909.

JOSIAH H. DRUMMOND, *Clerk.*

NOTICE.—Stockholders who are not intending to be present in person at the above meeting are requested to forward to C. M. Brewer, treasurer, in care of Kidder, Peabody & Co., 115 Devonshire Street, Boston, the proxy hereto attached, duly signed and witnessed, which proxy, in the absence of instructions to the contrary, will be voted in favor of the proposed increase of capital stock of the company and the issuance thereof; the purchase of the property and assets of the Royal-Gem Mills Co., and in favor of the proposed lease by this company of the New England Cotton Yarn Co., all as mentioned in the above call.

Know all men by these presents that ——— ———, the undersigned, hereby constitute and appoint ——— ——— attorney, with full power of substitution, for —— and in —— name, place, and stead to vote as —— proxy at the special stockholders' meeting of the Union Mills to he held at the office of the company, No. 396 Congress Street, Portland, Me., on Saturday, October 30, 1909, or at any adjournment thereof, and there to vote, according to the number of shares of stock ——— should be entitled to vote if personally present, upon any and all propositions and questions which may be submitted for the action of the stockholders at such meeting, and especially the matters stated in the notice of said meeting dated October 22, 1909, hereby revoking all former proxies.

Witness —— hand this —— day of ———, 1909.

——— ———.

In the presence of ——— ———.

To the New England Cotton Yarn Co.:

The Union Mills hereby offers to lease all the property and assets of the New England Cotton Yarn Co. for the term of 99 years, and, in addition to all other charges and expenses, to pay therefor during said lease, dividends at the rate of 6 per cent per annum upon the preferred stock of the company and dividends at the rate of 7½ per cent per annum upon the common stock of the company, such lease to be in such form and to contain such provisions for the security of the parties as the respective boards of directors may agree upon, but, among other things, to contain provisions to the following effect:

First. In addition to other charges and expenses of the New England Cotton Yarn Co., the Union Mills shall pay annually the sum of $57,810 to be applied to the purchase or redemption of the outstanding mortgage bonds of the New England Cotton Yarn Co., and shall annually set aside the sum of $231,240, to be applied in renewal of the properties of your company or to the purchase or redemption of the bonds of your company.

Second. The New England Cotton Yarn Co. shall, from time to time, deliver its notes to the Union Mills solely for the purpose of providing for the payment of cotton purchased and to be manufactured in the mills of the New England Cotton Yarn Co., the New England Cotton Yarn Co. to be secured against liability in respect of such notes in such manner as may be provided in the lease.

Third. The Union Mills to execute no mortgage on its property during the term of the lease except so far as may be provided in the lease for the better security of the New England Cotton Yarn Co. and the holders of its mortgage bonds.

Fourth. The Union Mills to have the right to consolidate its property with that of the New England Cotton Yarn Co. at any time at its option by conveying all its property and assets to a Massachusetts corporation, in which event the New England Cotton Yarn Co. shall convey all its property and assets to the same Massachusetts corporation for a price in cash equal to par and accrued and unpaid dividends on the preferred and common stock of the New England Cotton Yarn Co., the preferred stockholders of the New England Cotton Yarn Co. in such event to have the right to exchange their stock, share for share, for first preferred stock of the new Massachusetts corporation, carrying dividends at the rate of 6 per cent per annum, and the common-stock holders of the New England Cotton Yarn Co. to have the right to exchange their stock, share for share, for second preferred stock of the new Massachusetts corporation, carrying dividends at the rate of 7½ per cent per annum, the issues of such first and second preferred stock to be limited to the amount of preferred and common stock of the New England Cotton Yarn Co. now outstanding and to be closed.

The Union Mills operates knitting mills at Hudson and Mechanicsville in the State of New York, and has recently acquired all the property of the Royal-Gem Mills Co., including its mills at Herkimer and St. Johnsville, N. Y. A majority of the stock of the Union Mills is owned by individuals who are largely interested in the securities of the New England Cotton Yarn Co.

Yours, very truly,

UNION MILLS,
By WILLIAM ENDICOTT, Jr., *President.*

NOVEMBER 1, 1909.

To the Stockholders of the New England Cotton Yarn Co.:

Your company has received an offer from the Union Mills to lease its entire property and assets for a period of 99 years on terms which will yield the preferred-stock holders of your company dividends at the rate of 6 per cent per annum and the common-

stock holders of your company dividends at the rate of 7½ per cent per annum. A copy of the offer of the Union Mills is attached hereto.

This offer is made by Union Mills, a corporation which has acquired all the property of the Royal-Gem Mills Co., a statement of the combined assets and liabilities of Union Mills and Royal-Gem Mills Co., made as of November 1, 1909, being as follows:

NOVEMBER 1, 1909.

Union Mills.

ASSETS.		LIABILITIES.	
Plant and improvements	$1,390,124	Preferred stock	$1,000,000
Inventories, materials, etc	400,333	Common stock	1,500,000
Accounts receivable	470,762	Accounts payable	113,875
Investments	10,000		
Cash	342,656		
	2,613,875		2,613,875

The form of the proposed lease will be subject to the approval of Messrs. Crapo Clifford and Prescott, Counsel for the New England Cotton Yarn Co.

Your directors have given careful consideration to the advisability, from the standpoint of the New England Cotton Yarn Co., of the acceptance of this offer, and are of opinion that it should be accepted and so recommend.

For the directors:

By C. M. WELD, *President.*

BOSTON, *November 8, 1909.*

---

9. A statement showing the date, character, and amount of all transactions, if any, during the past seven years, in which your firm was jointly interested with Messrs. J. P. Morgan & Co., or with Messrs. Kuhn, Loeb & Co., or with any banks or other banking houses in the city of New York, or with any banks or banking houses in the cities of Boston, Philadelphia, Chicago, Cleveland, and St. Louis. This is intended to include all public and private issues and underwritings of securities entered into by your firm.

NOTE.—This inquiry is understood to relate to securities of interstate corporations.

Answer.

Amalgamated Copper Co. 5 per cent notes.

April, 1911. We received a participation of $500,000 from National City Bank, New York.

American Coal Products preferred stock.

December, 1911. We formed a syndicate to underwrite $2,500,000, of which Clark, Dodge & Co. took $100,000, White, Weld & Co. took $750,000, Kidder, Peabody & Co. took $1,150,000, which latter amount was divided among ourselves and our various out-of-town correspondents.

American Coal Products fives, maturing 1911–1914.

November, 1910. We bought $1,500,000, of which we gave—

H. H. Skinner	$100,000
Kinsley & Adams	100,000
F. S. Moseley & Co	50,000

American Felt Co. preferred.

March, 1911. We bought 11,665 shares, which was divided as follows:

	Shares.
Estabrook & Co	3,732.80
R. L. Day & Co	933.20
F. S. Moseley & Co	1,399.80
H. H. Skinner	1,866.40
Kinsley & Adams	699.90
H. C. Wainwright & Co	233.30
Wilson, Slade & Co	186.64
Shontell & Varick	186.64
Kidder, Peabody & Co	2,426.32

American Smelters Securities.

August, 1912. We received a participation of 2,000 shares in the total of 153,500 shares preferred "A" stock from Kuhn, Loeb & Co. Syndicate managers were Banque de Paris et des Pays Bas and the Société Général.

American Telephone & Telegraph Co. 5 per cent notes.

January, 1907. Of a total issue of $25,000,000, J. P. Morgan & Co. took $13,000,000, and Kidder, Peabody & Co. $12,000,000, which was divided as follows:

Old Colony Trust Co.	$1,000,000
Kidder, Peabody & Co.	2,350,000
F. S. Moseley & Co.	2,750,000
R. L. Day & Co.	1,000,000
Parkinson & Burr	1,000,000
Lee, Higginson & Co.	1,500,000
H. C. Wainwright & Co.	500,000
Bond & Goodwin	500,000
Curtis & Sanger	500,000
White & Bowditch	300,000
Schirmer, Chapin & Emmons	600,000

American Telephone & Telegraph Co. convertible fours, due 1936.

From July 12, 1906, to February 15, 1909, of an issue of $150,000,000, the following were interested in the purchase:

	Per cent.
J. P. Morgan & Co.	25
Kuhn, Loeb & Co.	22½
J. S. Morgan & Co.	5
Kidder, Peabody & Co.	18
Baring Bros. & Co. (Ltd.)	15
Estabrook & Co.	4
R. L. Day & Co.	4
Old Colony Trust Co.	6½

On the subscription to these bonds a syndicate was formed with an underwriting of which Kidder, Peabody & Co. held 30 per cent, and Baring Bros. & Co. (Ltd.) held 12 per cent, which was further divided as follows:

R. L. Day & Co	$3,750,000
Estabrook & Co.	4,500,000
Kidder, Peabody & Co.	5,352,000
F. S. Moseley & Co.	1,500,000
Old Colony Trust Co.	4,500,000
Parkinson & Burr	3,750,000

and 50 or 60 smaller interests divided between brokers and individuals, a list of which will be given if desired

American Woolen Co. 7 per cent preferred stock.

July, 1905. Kidder, Peabody & Co. received from Brown Bros. & Co. an underwriting of $150,000 in $5,000,000.

Armour & Co. real estate first four-and-a-halfs, due June, 1939.

May, 1909. We received from Kuhn, Loeb & Co. a participation of $150,000 out of a total issue of $30,000,000.

Atchison, Topeka & Santa Fe convertible fours.

February, 1905. Kidder, Peabody & Co. received from J. P. Morgan & Co. an interest of $600,000 in an issue of $32,420,000.

Atchison, Topeka & Santa Fe transcontinental first mortgage fours.

August, 1908. We received from J. P. Morgan & Co. an allotment of $500,000 out of a total issue of $17,000,000, which we divided as follows:

National Shawmut Bank	$200,000
Hope & Co.	150,000
Kidder, Peabody & Co.	10,000
Kinsley & Adams	50,000
Wilson, Slade & Co.	90,000

Atlanta, Birmingham & Atlantic Railroad Co. and allied corporations.

July 22, 1911. One-year 5 per cent receivers' certificates. Participation of $200,000, part of an issue of $3,450,000 through Clark, Dodge & Co.

Atlanta, Birmingham & Atlantic Railroad Co.

Georgia Terminal Co., Alabama Railroad Co.
June 24, 1912. Five per cent receivers' certificates. Participation of $200,000 in an issue of $3,700,000 through Clark, Dodge & Co. and White, Weld & Co.

Ayer Mills four-and-a-halfs.

February, 1909. Received from Brown Bros. & Co. a participation of $250,000 in an issue of $2,500,000. Notes due June, 1910–11.
March, 1910. Received from Brown Bros. & Co. a participation of $400,000 of an issue of $2,000,000. Notes due 1913–14–15.
May, 1911. Received a participation of $500,000 from Brown Bros. & Co. in a syndicate of $2,000,000. Our interest was divided as follows (notes due March, 1916–17):

National Shawmut Bank	$100,000
Old Colony Trust Co.	100,000
Guaranty Trust Co., N. Y.	40,000
H. H. Skinner	20,000
Kinsley & Adams	20,000
Kidder, Peabody & Co.	220,000

Baldwin Locomotive first fives.

April 8, 1910. Received from Brown Bros. & Co. and Kuhn, Loeb & Co. a participation of $200,000 out of a total of $10,000,000.

Boston Rubber Shoe Co. 5 per cent notes due September 15, 1910.

May 5, 1908. Kidder, Peabody & Co., Curtis & Sanger, and Estabrook & Co. bought $780,000 on three-three account.

Boston & Albany fours, due May 1, 1934.

May 1, 1909. The following syndicate bought $4,500,000:

J. P. Morgan & Co.	$1,500,000
Estabrook & Co.	750,000
R. L. Day & Co.	750,000
Kidder, Peabody & Co.	1,500,000

Boston & Albany four-and-a-halfs, due July, 1937.

June, 1912. Kidder, Peabody & Co. bought $1,000,000, divided as follows:

Estabrook & Co.	$250,000
R. L. Day & Co.	250,000
Curtis & Sanger	200,000
Brown Bros. & Co.	100,000
Kinsley & Adams	50,000
Kidder, Peabody & Co.	150,000

Boston & Lowell fours, due November, 1926.

July 31, 1906. R. L. Day & Co. joint account bought $500,000.

Boston & Maine fours, due September, 1926.

March, 1906. We received an interest of $2,075,000 from R. L. Day & Co., which was divided as follows:

F. S. Moseley & Co.	$100,000
Bankers Trust Co.	200,000
H. C. Wainwright & Co.	25,000
Kinsley & Adams, joint account	50,000
H. H. Skinner, joint account	200,000
Kidder, Peabody & Co.	1,500,000

Boston & Maine notes.

January, 1907. We received from R. L. Day & Co. an interest of $750,000 out of $3,000,000. Twelve-months notes due January 15, February 15, March 15, 1908.

December, 1907. We received from R. L. Day & Co. an interest of $750,000 out of $3,000,000. One-year notes due January, February, and March, 1909.

Boston & Maine six-months 3½ per cent notes.

September, 1908. Kidder, Peabody & Co. received from Estabrook & Co. allotment of $1,750,000 of a total issue of $7,300,000.

Boston & Maine one-year 4 per cent notes.

Dated June 10, 1912. We received from F. S. Moseley & Co. an interest of $1,000,000, divided as follows:

Estabrook & Co.	$250,000
R. L. Day & Co.	250,000
Kidder, Peabody & Co.	500,000

Buffalo & Susquehanna first fours, 1951.

July, 1905 to June, 1906. Kidder, Peabody & Co., interest of $250,000, of total issue of $4,590,000 from Fisk & Robinson.

Buffalo & Susquehanna 5 per cent notes.

January 28, 1907. Allotment of $250,000 from syndicate of Fisk & Robinson.

Central Pacific Railroad fours European loan syndicate.

March, 1911. Received through Kuhn, Loeb & Co. an interest of 500,000 francs.

Chesapeake & Ohio Railway 4½'s 20-year bonds.

March, 1910. We received an interest from J. P. Morgan & Co., Kuhn, Loeb & Co., and National City Bank of $300,000 of a total issue of $31,390,000.

Chicago, Burlington & Quincy (Ill. Division) fours.

June, 1906. Kidder, Peabody & Co. received from J. P. Morgan & Co. an interest of $2,422,000 out of total issue of $19,699,000, divided as follows:

Estabrook & Co.	$605,000
R. L. Day & Co.	605,000
Kidder, Peabody & Co.	1,212,000

Chicago, Burlington & Quincy general mortgage fours, due March, 1958.

February, 1911. We received from First National Bank, New York, $500,000 firm, $500,000 option, divided as follows:

$125,000 each kind to R. L. Day & Co.
$125,000 each kind to Estabrook & Co.
$250,000 each kind to Kidder, Peabody & Co.

Chicago Great Western Railroad reorganization syndicate.

August 23, 1909. We received from J. P. Morgan & Co. $74,000 first fours in the above reorganization syndicate.

Chicago, Milwaukee & Puget Sound first mortgage fours.

March, 1911. Received participation of $1,500,000 of a total issue of $25,000,000 from Kuhn, Loeb & Co., divided as follows:

R. L. Day & Co	$350,000
Estabrook & Co	350,000

Chicago, Milwaukee & St. Paul general mortgage fours, 1989.

December, 1909. Bought through Kuhn, Loeb & Co. $2,000,000 of the above bonds, of which we gave R. L. Day & Co. an interest of $1,500,000.

Chicago, Rock Island & Pacific Railway 20-year 5 per cent gold debentures.

January, 1912. Received participation of $500,000 from Speyer & Co. out of total issue of $20,000,000, which we later withdrew and purchased outright. This participation we allotted as follows:

F. S. Moseley & Co	$100,000
Estabrook & Co	100,000
R. L. Day & Co	100,000
Old Colony Trust Co	100,000
National Shawmut Bank	100,000

$10,000,000 Chicago & Northwestern Railway Co. general mortgage three-and-halfs; $3,750,000 Manitowoc, Green Bay & Northwestern first mortgage three-and-a-halfs, 1941; $2,500,000 Milwaukee & State Line first mortgage three-and-a-halfs, 1941.

Kidder, Peabody & Co. have interest of: $1,230,000 in the Chicago & Northwestern three-and-a-halfs, $770,000 in the Manitowoc, Green Bay & Northwestern & Milwaukee & State Line three-and-a-halfs, divided as follows: Estabrook & Co., $308,000 Chicago & Northwestern three-and-a-halfs; $192,000 Manitowoc, Green Bay & Northwestern three-and-a-halfs and Milwaukee & State Line three-and-a-halfs. R. L. Day & Co., $308,000 Chicago & Northwestern three-and-a-halfs; $192,000 Manitowoc, Green Bay & Northwestern three-and-a-halfs and Milwaukee & State Line three-and-a-halfs. Crocker & Fisher, $30,000 Chicago & Northwestern three-and-a-halfs; H. H. Skinner, $50,000 Chicago & Northwestern three-and-a-halfs; Wilson, Slade & Co., $50,000 Chicago & Northwestern three-and-a-halfs; Kinsley & Adams, $50,000 Chicago & Northwestern three-and-a-halfs.

Chicago & Northwestern general fours, due 1987.

April 26, 1911. Received from Kuhn, Loeb & Co. $700,000 participation, which we divided as follows:

$100,000, Estabrook & Co.
$250,000, R. L. Day & Co.
$100,000, Guaranty Trust Co., New York.
$100,000, Old Colony Trust Co.
$150,000, Kidder, Peabody & Co.

Cincinnati, Hamilton & Dayton Railroad first and refunding 4s.

March, 1910. We received from Kuhn, Loeb & Co. and Speyer & Co. an interest of $120,000 in the syndicate to purchase $750,000, with an option to purchase $5,000,000 more.

Colorado & Southern Railway refunding and extension fours.

May, 1905. Participation of $35,000 in the above syndicate bought through F. S. Moseley & Co., composed of Hallgarten & Co., Berliner Handels-Gesellschaft of Berlin, Bank fur Handel & Industrie of Berlin, Swiss Bankverein.

Cumberland Corporation.

June, 1906. Received of Blair & Co., Thomas F. Ryan, and T. Jefferson Coolidge, syndicate managers, a participation of $140,000 in the Cumberland Corporation Syndicate. The Cumberland Corporation was formed to buy for $15,000,000 the Seaboard Air Line syndicate, then later the Clinchfield Syndicate was formed December 1, 1910, consisting of Norman B. Ream, Thomas F. Ryan, C. Ledyard Blair, Ernest Thalmann, and Wallace B. Donham, managers, to buy of the Cumberland Corporation for $10,000,000 a number of their coal properties. Kidder, Peabody & Co.'s interest in the Clinchfield Syndicate was $78,100.

Delaware & Hudson first and refunding fours due 1948.

July, 1908. Bought of Kuhn, Loeb & Co. and First National Bank, New York, $200,000, of which we allotted R. L. Day & Co. $100,000.

December, 1909. We purchased from Kuhn, Loeb & Co. $685,000, divided as follows:

R. L. Day & Co	$350,000
Kidder, Peabody & Co	335,000

Eastern Leather Co. first 5's.

May 25, 1912. Kidder, Peabody & Co. bought of the company $350,000 serial 5 per cent bonds due $25,000 January 1, 1913, and each year to January 1, 1926, inclusive. Allotted F. S. Moseley & Co. 36 per cent of the above.

Erie Railroad Co.

September, 1905. Of a total issue of $12,000,000 convertible fours we received a participation of $250,000 from J. P. Morgan & Co.

Fiberloid Co. preferred.

April, 1912. We bought of F. S. Moseley & Co. one-third interest in an issue of 10,000 shares; $500,000 Fitchburg Railroad one-year 6 per cent coupon bonds; $900,000 Boston & Lowell one-year 6 per cent coupon bonds.

January, 1908. We received from R. L. Day & Co. an interest of $250,000 in the above syndicate.

Fitchburg Railroad.

May, 1908. Received an interest of $480,000, four-and-a-halfs, due May, 1928, from R. L. Day & Co., of a total purchase of $2,400,000, subdivided as follows:

Bankers Trust Co	$50,000
F. S. Moseley & Co	25,000
H. H. Skinner	25,000
Kinsley & Adams	25,000
H. C. Wainwright & Co	30,000
K., P. & Co	325,000

Illinois Central Railroad.

November 17, 1908. We bought of Kuhn, Loeb & Co. $150,000, fours of 1955, of a total of $20,000,000, of which we gave the National Shawmut Bank $65,000; Bank of New York $10,000.

June, 1911. Refunding fours due November, 1955. We received of Kuhn, Loeb & Co. an interest of $250,000 of a total issue of $2,500,000 and an equal proportion of an option to purchase $7,500,000 additional, of which we gave R. L. Day & Co. $62,500 and a proportionate amount in the option, and Estabrook & Co. the same.

July, 1912. We bought of Kuhn, Loeb & Co. $1,000,000 two-year four-and-a-halfs, of which we allotted the National Shawmut Bank $500,000.

Illinois Steel Co. four-and-a-halfs, 1940.

April 1, 1912. Received participation of $50,000 from Lee, Higginson & Co. in syndicate composed of J. P. Morgan & Co., Lee, Higginson & Co., Kissel, Kinnicutt & Co., of total of $5,500,000 bonds.

July, 1911. Received participation of $100,000 from Lee, Higginson & Co. in syndicate composed of Lee, Higginson & Co., Kissel, Kinnicutt & Co., of total of $5,000,000 bonds.

Kansas City, Mexico & Orient 5 per cent receivers' certificates.

June, 1912. Bought $1,000,000 of the receivers in joint account with R. L. Day & Co.

Keystone Coal & Coke first and refunding sixes.

January 17, 1911. Received of Brown Bros. & Co. and Drexel & Co. $200,000 participation in the syndicate formed to purchase $5,300,000.

Lake Shore & Michigan Southern debenture fours, 1928.

May 4, 1905. Received participation of $1,000,000 from J. P. Morgan & Co. of total issue of $10,000,000, divided as follows:

Estabrook & Co	$200,000
R. L. Day & Co	200,000
Kinnicutt & De Witt	100,000
H. H. Skinner	100,000
Perry, Coffin & Burr	50,000
H. C. Wainwright & Co	20,000
National Bank of Commerce, Boston	50,000
Kidder, Peabody & Co	280,000

Lake Shore & Michigan Southern Railway fours, May, 1931.

February 14, 1906. Received $1,500,000 participation of total purchase of $35,000,000 from J. P. Morgan & Co., divided as follows:

R. L. Day & Co	$500,000
Estabrook & Co	500,000
Worcester Trust Co	100,000
F. S. Moseley	100,000
Merrill, Oldham	100,000
H. H. Skinner	50,000
Kinsley & Adams	50,000
United States Trust Co	50,000
United Trust Co. Spfg	25,000
Jose Parker & Co	10,000
Kidder, Peabody & Co	15,000

Maine Central R. R. one-year notes due March 15, 1913.

February 20, 1912. Received participation of $1,000,000 of total issue of $12,000,000 from F. S. Moseley & Co., subdivided as follows:

R. L. Day & Co	$250,000
Estabrook & Co	250,000
Kinsley & Adams	50,000
Wilson, Slade & Co	25,000
H. H. Skinner	20,000
Kidder, Peabody & Co	405,000

Michigan State Telephone fives February 1, 1924.

February, 1911. Received participation of $250,000 of total issue of $1,334,000 from Harris, Forbes & Co., divided as follows:

Kinsley & Adams	$50,000
H. S. Bell	50,000
H. H. Skinner	50,000
Wilson, Slade & Co	50,000
Kidder, Peabody & Co	50,000

Milwaukee, Sparta & Northwestern.

January, 1912. We received a participation of $2,250,000, first fours, from Kuhn, Loeb & Co. out of a total issue of $15,000,000. Of our interest Estabrook & Co. have one-fourth; R. L. Day & Co., one-fourth; Kidder, Peabody & Co., one-half.

Missouri Pacific 5 per cent notes due February 10, 1908.

January, 1906. Baring, Magoun & Co. and Kidder, Peabody & Co. bought $4,000,000 with an option of $2,000,000 more; F. S. Moseley have an interest of $370,000 from Kidder, Peabody & Co.; F. S. Moseley have an interest of $350,000 from Baring, Magoun & Co.; Morgan, Bartlett & Co. have an interest of $200,000 from Kidder, Peabody & Co.; leaving Kidder, Peabody & Co.'s interest in first $4,000,000, $1,430,000. If option is availed of Kidder, Peabody & Co. have an interest in $1,000,000; F. S. Moseley & Co. have an interest of $185,000 from Kidder, Peabody & Co.; F. S. Moseley & Co. have an interest of $175,000 from Baring, Magoun & Co.

Missouri Pacific Railway Co. convertible fives.

November 16, 1909. Received participation of $200,000 of total issue of $29,806,000 from Kuhn, Loeb & Co.

Missouri Pacific Ry. 5 per cent notes, June 1, 1914.

March 24, 1911. Received participation of $1,500,000 of a total issue of $20,000,000, from Speyer & Co., divided as follows:

National Shawmut Bank	$375,000
Estabrook & Co	150,000
R. L. Day & Co	150,000
F. S. Moseley & Co	150,000
State Trust Co. of Augusta, Me	12,500
Old Colony Trust Co	150,000
Kidder, Peabody & Co	512,000

Missouri Pacific Railway Co. equipment certificates.

November, 1911. We received a participation of $125,000 in an issue of $2,830,000 through Speyer & Co.

New England Coal & Coke Co. sixes.

July, 1907. We buy $1,500,000 notes due various dates during 1907–8 in joint account with F. S. Moseley & Co.

June 22, 1908. We buy $1,500,000 4 and 4½ per cent notes due in four and eight months in joint account with F. S. Moseley & Co.

October, 1908. We buy $750,000 four months notes due March 1, 1909, in joint account with F. S. Moseley & Co.

New England Telephone & Telegraph Co. fives, 1932.

October, 1912. Bought $10,000,000, syndicated as follows:

Kidder, Peabody & Co.'s interest	$2,260,000
Baring Bros. & Co. (Ltd.)	500,000
F. S. Moseley & Co	300,000
Kuhn, Loeb & Co	1,000,000
N. W. Harris & Co	250,000
Estabrook & Co	1,000,000
R. L. Day & Co	1,000,000
Hayden, Stone & Co	250,000
Lee, Higginson & Co	250,000

and sundry brokers and individuals in small amounts.

New London & Northern Railroad Co. first mortgage 30-year fours.

March, 1910. Kidder, Peabody & Co. and Strong, Sturgis & Co. buy $1,500,000.

New York Central & Hudson River Railroad Co.—Lake Shore & Michigan Southern Railroad Co.—Michigan Central Railroad Co.

January 26, 1907. We buy $7,500,000 New York Central fives, due February, 1910; we buy $4,500,000 Lake Shore fives, due February, 1910; we buy $3,000,000 Michigan Central fives, due February, 1910, divided as follows:

	New York Central.	Lake Shore.	Michigan Central.
F. S. Moseley & Co.	$3,000,000	$1,800,000	$1,200,000
Hornblower & Weeks	1,000,000	600,000	400,000
R. L. Day & Co.	375,000	350,000	275,000
Estabrook & Co.	500,000	300,000	200,000
Curtis & Sanger	500,000	300,000	200,000
Jackson & Curtis	250,000	150,000	100,000
Adams & Co.	250,000	150,000	100,000
Perry, Coffin & Burr	125,000	75,000	50,000
Tailer & Co.	250,000	150,000	100,000
Tucker, Anthony & Co.	50,000	30,000	20,000
Crocker & Fisher	25,000	15,000	10,000
Clement, Parker & Co.	25,000	15,000	10,000
H. W. Poor & Co.	125,000	75,000	50,000
H. C. Wainwright & Co.	50,000	30,000	20,000
Merrill, Oldham & Co.	50,000	30,000	20,000
Parkinson & Burr	25,000		
Jose, Parker & Co.	100,000	60,000	40,000
Kidder, Peabody & Co.	800,000	370,000	205,000

New York Central & Hudson River Railroad Co.

1911. J. P. Morgan & Co. gave Kidder, Peabody & Co. an interest in $300,000 three-year four-and-a-halfs.

New York, Chicago & St. Louis.

January 14, 1909. Four per cent debentures of 1931. Participation of $100,000 in a purchase of $2,000,000 through Messrs. Clark, Dodge & Co. Also a participation of $100,000 in an option to purchase a further $1,942,000 of the same bonds. Option availed of April 8, 1909.

New York, New Haven & Hartford Railroad Co.

June, 1905. Received participation of $1,000,000 debenture 4's from J. P. Morgan & Co.

May, 1907. 4's of 1955. We received participation of $7,500,000 from J. P. Morgan & Co. from total of $15,000,000, our interest divided as follows:

Adams & Co.	$200,000
Blodget, Merritt & Co.	200,000
Merrill, Oldham & Co.	200,000
Perry, Coffin & Burr	100,000
F. S. Moseley & Co.	300,000
Lee, Higginson & Co.	1,000,000
Estabrook & Co.	1,450,000
R. L. Day & Co.	1,450,000
H. C. Wainwright & Co.	25,000
K. P. & Co.	2,275,000
Kinnicutt & De Witt, joint account	150,000
H. H. Skinner, joint account	150,000

March, 1909. We bought $5,000,000 4 per cent one-year notes; F. S. Moseley & Co.'s interest one-third; Kidder, Peabody & Co.'s interest two-thirds.

January, 1911. Received from S. F. Moseley & Co. participation of $4,000,000 in the $10,000,000 4½ per cent notes due March, 1912.

May 1, 1908. We bought $3,942,000 Harlem River & Port Chester first mortgage 4's, May, 1954; $1,802,000 Boston & New York Air Line first mortgage 4's, August, 1955; $160,000 Pawtuxet Valley first mortgage 4's, April, 1925; $3,208,000 New

Haven & Northampton 4's, June, 1956; $2,000,000 three-year 4½ per cent notes, due May 5, 1911, which we syndicated as follows:

K. P. & Co.	$2,500,000
R. L. Day & Co.	2,200,000
Estabrook & Co.	2,200,000
F. S. Moseley & Co.	1,000,000
First National Bank New York	500,000
Tailer & Co.	250,000
Merrill, Oldham & Co.	100,000
Adams & Co.	100,000
H. C. Wainwright & Co.	100,000
Curtis & Sanger	100,000
Hornblower & Weeks	250,000
Blodget, Merritt & Co.	200,000
Lee, Higginson & Co.	750,000
H. H. Skinner	100,000

and a number of others for various small amounts.

November, 1912. We bought $1,000,000 New Haven 5 per cent one-year notes, divided as follows:

R. L. Day & Co.	$250,000
Estabrook & Co.	250,000
Kidder, Peabody & Co.	500,000

September, 1907. In joint account with R. L. Day & Co., $900,000 Boston & New York Air Line first mortgage 4's, August, 1955; $100,000 Harlem River & Port Chester first 4's, May, 1954.

New York Telephone Co.

December, 1909. Bought $12,500,000 four-and-a-halfs, interest divided as follows:

	Per cent.
J. P. Morgan & Co.	10
Kuhn, Loeb & Co.	5
Baring Bros. & Co. (Ltd)	42½
Kidder, Peabody & Co.	42½

Our proportion was further syndicated to a considerable number, of which list will be furnished, if desired.

March, 1910. Bought $10,000,000 four-and-a-halfs which were underwritten by:

	Per cent.
J. P. Morgan & Co.	10
Kuhn, Loeb & Co.	5
Baring Bros. & Co. (Ltd)	42½
Kidder, Peabody & Co.	42½

May, 1912. Bought $10,000,000 four-and-a-halfs, of which J. P. Morgan & Co. had an interest of $1,000,000; Kuhn, Loeb & Co had an interest of $500,000.

October, 1912. Bought $5,000,000 four-and-a-halfs of which J. P. Morgan & Co. had an interest of $500,000; Kuhn, Loeb & Co. had an interest of $500,000.

New York, Westchester & Boston Railway first mortgage 4½ per cent gold bonds.

July 27, 1911. Received a participation of $200,000 in an issue of $17,200,000 through Kissel, Kinnicutt & Co. and Harris, Forbes & Co.

Oregon-Washington Railroad & Navigation Co.

July, 1911. $300,000 first fours interest in underwriting from Kuhn, Loeb & Co. out of total of $25,000,000.

Oregon-Washington Railroad Co., first and refunding gold 4 per cent bonds.

November 6, 1911. Purchased on joint account with Clark, Dodge & Co. and White, Weld & Co., $2,000,000.

Pacific Telephone & Telegraph Co.

March, 1909. Received participation of 22.22 per cent in $16,500,000 fives from J. P. Morgan & Co. Our interest was syndicated in small lots, of which we will give a list, if necessary.

Pennsylvania Railroad.

May, 1905. Received participation of $1,000,000 convertible three-and-a-halfs from J. P. Morgan & Co., and Kuhn, Loeb & Co. which we divided as follows:

R. L. Day & Co	$100,000
Estabrook & Co	100,000
H. C. Wainwright & Co	25,000
H. H. Skinner, joint account	100,000
Kinnicutt & De Witt, joint account	100,000
Kidder, Peabody & Co	575,000

Pennsylvania Co.

June 30, 1906. Of total issue of $20,000,000 we received participation $250,000 fours from Kuhn, Loeb & Co., which we divided as follows:

Commonwealth Trust Co	$25,000
Worcester Trust Co	25,000
Union Trust Co. of Springfield, Mass	25,000
Kidder, Peaboddy & Co	175,000

Philadelphia, Baltimore & Washington Railroad.

March, 1911. Received participation $250,000 first fours 1943, out of a total of $4,500,000 from Speyer & Co., of which Estabrook & Co. had $61,000; National Shawmut Bank had $100,000.

Portland & Ogdensburg Railway Co.

May, 1908. Received participation $455,000 first four-and-a-halfs out of a total of $2,119,000, from Lee, Higginson & Co., our interest divided as follows:

H. C. Wainwright & Co	$25,000
F. S. Moseley & Co	25,000
Bankers Trust Co	50,000
Kinsley & Adams	10,000
H. H. Skinner, joint account	50,000

Public Service Corporation of New Jersey.

November 26, 1909. Bought $350,000 6 per cent certificates, joint account with Tailer & Co.

Republic Iron & Steel Co.

February 7, 1910. 10–30-year 5 per cent sinking fund gold mortgage bonds, participation of $50,000 in a syndicate made up by J. & W. Seligman & Co. and Hallgarten & Co. On this syndicate Kidder, Peabody & Co. took up $50,000 bonds.

St. Croix Paper Co.

September 3, 1912. Paid $805,000 on account of participation in St. Croix Paper Co., fives, joint account with Estabrook & Co.

St. Louis, Iron Mountain & Southern Railway Co. equipment certificates.

November, 1911. We received a participation of $125,000 in an issue of $2,830,000 through Speyer & Co.

St. Louis & San Francisco Railroad.

May, 1911. Received participation $200,000 in $2,250,000 two-year fives, from F. S. Moseley & Co.

Southern Bell Telephone & Telegraph Co.

December, 1910. Bought $10,000,000 first fives joint account N. W. Harris & Co.

Southern Pacific Co.

February, 1909. Received participation of $250,000 in underwriting of $44,500,000 convertible fours from Kuhn, Loeb & Co.

June, 1910. Received participation from Kuhn, Loeb & Co., $500,000, San Francisco Terminal first fours, divided as follows (total issue, $25,000,000):

R. L. Day & Co	$100,000
Estabrook & Co	100,000
F. S. Moseley & Co	100,000
Tucker, Anthony & Co	25,000
Perry, Coffin & Burr	50,000
Curtis & Sanger	25,000
Parkinson & Burr	50,000
Thompson, Towle & Co	25,000
Kidder, Peabody & Co	25,000

Southern Railway Co.

March, 1909. Received participation, $250,000 general mortgage fours, from J. P. Morgan & Co.

Southwestern Telephone & Telegraph Co.; Northwestern Telephone & Telegraph Co.; Western Telephone & Telegraph Co.

January, 1911. Bought $2,500,000 Southwestern Telephone & Telegraph notes; bought $1,000,000 Northwestern Telephone & Telegraph notes; bought $3,500,000 Western Telephone & Telegraph notes, of which Brown Bros. & Co. had an interest of 10 per cent; F. S. Moseley & Co. had an interest of 36 per cent; Kidder, Peabody & Co. had an interest of 54 per cent.

United Fruit Co.

December, 1908. We received a participation of $100,000 out of a total of $4,250,000 4½ per cent debentures, due 1923, from Lee, Higginson & Co

United States Rubber Co.

March, 1908. Bought $1,000,000 5 per cent notes, due September, 1909. We divided our interest as follows:

R. L. Day & Co	$100,000
Estabrook & Co	250,000
National Shawmut Bank	100,000
Old Colony Trust Co	100,000
H. C. Wainwright & Co	15,000
Kidder, Peabody & Co	535,000

January, 1909. We bought $1,500,000 sixes, due December, 1918, of which our interest is $435,000; Estabrook & Co., $350,000; Curtis & Sanger, $250,000; R. L. Day & Co., $100,000; and the balance in small lots.

February, 1910. Our interest, $500,000 sixes, due December, 1918, of a total of $2,500,000 from Estabrook & Co. and F. S. Moseley & Co., of which we gave J. & W. Seligman & Co. an interest of $250,000.

United States Smelting, Refining & Mining Co.

October, 1906. We received a participation of 10,000 shares of common stock from Lee, Higginson & Co., which we divided as follows:

	Per cent.
F. S. Moseley & Co	15
Baring & Co	12½
Tailer & Co	12½
Kidder, Peabody & Co	60

United States Worsted Co.

November, 1912. Kidder, Peabody & Co. bought jointly with F. S. Moseley & Co. and Assets Realization Co. $3,778,900 first preferred, $718,700 second preferred, $2,700,000 common.

Utah Co.

April, 1912. A participation of $200,000 6 per cent five-year notes from a total of $10,000,000 from Lee, Higginson & Co.

Wabash Railroad.

April, 1907. We received an interest of $106,000. First mortgage fours due July, 1956, from a total issue of $1,000,000 from Tailer & Co.

Western Electric Co.

January, 1910. We received a participation of $175,000 out of a total issue of $8,750,000 first fives from Lee, Higginson & Co.

Westinghouse Telephone & Telegraph Co.

January, 1906. We received an interest of $250,000 of a total issue of $15,000,000 convertible fours from Kuhn, Loeb & Co. We divided our interest in small lots retaining $62,500.

Western Telephone & Telegraph Co.

May, 1907. Bought $6,000,000 5 per cent notes, divided as follows:
$1,200,000, F. S. Moseley & Co.
$750,000, Baring & Co.
$900,000, Estabrook & Co.
$600,000, R. L. Day & Co.
$187,500, Tailer & Co.
$2,362,500, Kidder, Peabody & Co.

January, 1910. Bought $10,000,000 fives, due February, 1912, of which our interest was two-thirds and Baring Bros. & Co. (Ltd.) one-third. We subdivided our interest, giving:

F. S. Moseley & Co	$2,000,000
Old Colony Trust Co	1,000,000
Estabrook & Co	750,000
R. L. Day & Co	500,000
N. W. Harris & Co	500,000

and various small accounts.

GASTON, SNOW & SALTONSTALL,
Boston, December 19, 1912.

SAMUEL UNTERMYER, Esq.,
37 Wall Street, New York, N. Y.

DEAR SIR: Referring to the information furnished you by Kidder, Peabody & Co. in reply to your communication of November 29, I inclose herewith a copy of a memorandum which you handed me in New York with respect to additional information required, and submit herewith the following statement in answer to the paragraphs as numbered:

1. The dates and issues and amounts of issues of securities of the corporations mentioned in the answer to the first question are contained in the answers to the seventh and ninth questions which have already been handed to you.

Kidder, Peabody & Co. have also been interested in the securities of the following corporations as stated below, which were not included in the original list, as they were not interstate corporations:

New York City corporate stock.

May, 1912, received through Kuhn, Loeb & Co., $885,000 par, and delivered Estabrook & Co., $220,000; R. L. Day & Co., $215,000 at cost. Total of $65,000,000 stock offered for public bids.

Mississippi River Power Co.

November, 1910, Kidder, Peabody & Co., Stone & Webster, J. & W. Seligman & Co., Dominion Securities Corporation, jointly interested in purchase of $15,000,000 first mortgage fives—$6,000,000, preferred stock, $11,440,000, common stock—which we offered for public subscription March, 1911, with Stone & Webster.

Brooklyn Rapid Transit 5 per cent notes.

June, 1912, a syndicate was formed, Central Trust Co., New York; Kuhn, Loeb & Co., and Kidder, Peabody & Co., to buy $40,000,000, notes of which our interest was 25 per cent. Our interest was divided in an underwriting as follows: Blodget & Co., $300,000; F. S. Moseley & Co., $500,000; Baring Bros. & Co. (Ltd.), $500,000; National Shawmut Bank, $500,000; Hope & Co., Amsterdam, $300,000; R. L. Day & Co., $400,000; Estabrook & Co., $400,000; and many other smaller amounts.

8. Kidder, Peabody & Co. have also been interested in the issue of securities of the Massachusetts gas companies and Massachusetts electric companies, but these are not included in the list, for the reason that they are not corporations.

9. A separate statement is handed you herewith, marked "2," showing all corporations of which members of the firm of Kidder, Peabody & Co. are officers or directors, whether interstate or intrastate corporations.

3. The capital surplus and undivided profits at last balance sheet of all corporations whether interstate or intrastate, for which Kidder, Peabody & Co. now act as depositary for any amount of cash, is as follows: Capital, $35,437,500; surplus and undivided profits, $7,823,981.37.

6. A separate statement, marked "6," is inclosed showing the names of the different life insurance companies to which Kidder, Peabody & Co. have sold bonds of interstate corporations, giving the dates, character, and amount of the bonds sold to each.

8. Robert Winsor was a member of a reorganization committee representing the first refunding 4 per cent gold mortgage bonds of the Buffalo & Susquehanna Railway Co., the agreement being dated May 4, 1910.

9. There is no joint account transaction of $5,000,000 and over other than those already mentioned.

With regard to the Boston & Maine transaction of March, 1906, the total issue of bonds was $10,000,000, and Kidder, Peabody & Co. received from R. L. Day & Co. a participation of $2,075,000, which was subdivided by Kidder, Peabody & Co.

Chicago, Burlington & Quincy general mortgage fours, total issue was $4,000,000, and option on $4,000,000 more.

(P. 9.) Chicago, Milwaukee & St. Paul, total issue was $2,500,000.

(P. 10.) The interest of Kidder, Peabody & Co. was secured from Kuhn, Loeb & Co., and the date was January, 1909.

(P. 12.) The total issue of Delaware & Hudson first and refunding fours was as follows: July, 1908, $13,309,000; December, 1909, $700,000.

(P. 18.) The securities therein referred to were received from J. P. Morgan & Co.

(P. 19 and 20.) Securities purchased in May, 1908, were bought of the company, as were also the securities purchased in September, 1907.

The securities purchased in November, 1912, were bought of F. S. Moseley & Co.

(P. 24.) The amount of the Southern Railway Co. general fours was $21,333,000.

(P. 25.) The amount of the syndicate of the Republic Iron & Steel Co. was $7,800,000.

The total offering of the United States Rubber Co. in March, 1908, was $8,000,000, and in January, 1909, was $10,000,000.

(P. 27.) The Utah Co., whose capital stock is entirely owned by the United States Smelting, Refining & Mining Co., owns about 11,000 acres of land in Utah, a large proportion of which is coal lands.

I trust that the foregoing will satisfactorily answer your supplementary inquiries, and if you prefer I should be glad to have them embodied in the statement which has already been sent to you so that the whole thing can be complete in itself.

Yours, very truly,

FREDERIC E. SNOW.

DECEMBER 14, 1912.

1. I would like dates and amounts of issues referred to in this answer. Also a supplemental list including intrastate corporations. Also any other securities that were issued or sold of either interstate or intrastate corporations at public offering. Nothing under $3,000,000 issue or sale wanted.

2. Supplemental list including all corporations of which members of firm are officers or directors, whether interstate or intrastate corporations.

3. The capital, surplus, and undivided profits at last balance sheet of all corporations for which you act as depositary.
6. Please add dates and names of companies.
8. List of any reorganization committees of which any of the firm were members.
9. This should be enlarged to include any joint-account transaction of $5,000,000 and over.

Please ascertain as to B. & M. transaction of March, 1906, by which Day & Co. distributed participation with no person int. For whom did they act?

C., B. & Q. (p. 8). What was amount of this issue?
Chic., M. & St. Paul (p. 9). State amount of total issue.
(P. 10). Please add dates of par. and from whom secured.
(P. 12) D. & H. State amount of issue.
(P. 18). Please add names of bankers from whom received.
(Pp. 19 and 20). Please add names of bankers from whom received.
(P. 24). Amount of Syndicate Rep. I. & S. Co.
(P. 25). Amount of issue, Southern Ry.
(P. 26.) Amount of total offering.
(P. 27.) What is Utah Co.?

2. Charles S. Sargent, jr.

American Coal Products Co., director.
Mechanics & Metals National Bank, New York, director.

William Endicott, jr.

Bay State Fishing Co., director.
Bay State Trust Co., director.
Fore River Shipbuilding Co., director.
Hartford Carpet Corporation, director.
National Bank of Commerce of Boston, vice president and director.
New England Trust Co., chairman of directors.
Newtonville & Watertown Street Railway, director.
Old Colony Trust Co., director.
Puget Sound Electric Railway, director.
Puget Sound Traction, Light & Power Co., director.
Union Mills, director.
Union Trust Co. (Springfield, Mass.), director.
Worcester Trust Co., director.

Frank W. Remick.

Boston Five Cents Savings Bank, vice president and trustee.
Middlesex & Boston Street Railway Co., director.
Norumbega Park Co., director.
Union Mills Co., director.

Frank E. Peabody.

Boston Elevated Railway Co., director.
Northern Texas Traction Co., director.
Scotia Worsted Mills, director.
Strathmore Worsted Mills, director.

Frank G. Webster.

Boston Safe Deposit & Trust Co., director.
Boston & Albany R. R. Co., director.
Employers Liability Assurance Corporation (Ltd.), trustee.
Hartford Carpet Corporation, director.
Heywood Bros. & Wakefield Co., director.
National Shawmut Bank, director.

Robert Winsor.

American Telephone & Telegraph Co., director.
Boston Consolidated Gas Co., director.
Boston Elevated Railway Co., director.
Boston Tow Boat Co., director.
E. Howard Clock Co., director.

Federal Coal & Coke Co., director.
Fitchburg Railroad Co., director.
Fore River Shipbuilding Co., director.
Gosnold Mills Co. (New Bedford), director.
Hartford Carpet Corporation, director.
Massachusetts Bonding & Insurance Co., director.
National Shawmut Bank, director.
New England Cotton Yarn Co., director.
Rockland & Rockport Lime Co., director.
Union Trust Co. (Springfield, Mass.), director.
United States Steel Corporation, director.
Western Union Telegraph Co., director.
Worcester Trust Co., director.

Union Mutual Life Insurance Co.

January 15, 1907, $25,000 Boston & Maine R. R. fives.
March 15, 1907, $25,000 Pennsylvania fives.
May 1, 1907, $25,000 Western Tel. & Tel. fives.
May 20, 1907, $25,000 Wabash 5 per cent notes.
October 1, 1907, $25,000 Boston & New York Air Line fours.
January 6, 1908, $25,000 Boston & Maine sixes.
January 28, 1908, $100,000 Missouri Pacific 6 per cent notes.
March 16, 1908, $25,000 United States Rubber fives.
December 8, 1908, $50,000 American Tel. & Tel. conv. fours.
January 22, 1909, $50,000 Chicago & North Western three-and-a-halfs.
March 29, 1909, $100,000 Pacific Tel. & Tel. fives.
May 14, 1909, $7,000 Southern Pacific conv. fours.
May 14, 1909, $18,000 Southern Pacific conv. fours.
September 8, 1909, $50,000 Pennsylvania conv. three-and-a-halfs.
November 5, 1909, $50,000 Pennsylvania conv. three-and-a-halfs.
January 20, 1910, $150,000 Western Tel. & Tel. fives.
March 21, 1910, $75,000 New York Telephone Co. first four-and-a-halfs.
October 26, 1910, $25,000 Pittsburg, Shawmut & Northern fives.
December 15, 1910, $50,000 Chicago & North Western fours.
January 3, 1911, $50,000, Southern Bell Telephone & Telegraph fives.
January 3, 1911, $50,000, Southern Bell Telephone & Telegraph fives.
June 1, 1911, $10,000, St. Louis & San Francisco fives.
June 22, 1911, $15,000, Oregon-Washington Railroad & Navigation fours.
June 26, 1911, $100,000, Illinois Central fours.
February 21, 1912, $52,000, Milwaukee, Sparta & Northwestern fours.
March 15, 1912, $50,000, Maine Central fours, 1913.
June 4, 1912, $100,000, New York Telephone Co. four-and-a-halfs.
September 25, 1912, $25,000, St. Croix Paper Co. fives, 1918.

New England Mutual Life Insurance Co.

October 21, 1907, $33,000, Boston & Albany registered three-and-a-halfs, 1952.
January 2, 1909, $100,000, New Haven & Northampton fours, 1936.
March 26, 1909, $100,000, Pacific Telephone & Telegraph Co. fives, 1937.
June 29, 1910, $50,000, New London Northern Railroad fours, 1940.
February 19, 1912, $250,000, Milwaukee, Sparta & Northwestern fours.
October 2, 1907, $100,000, Boston & New York Air Line fours, 1955.

State Mutual Life Insurance Co.

January 2, 1909, $100,000, New Haven & Northampton fours, 1956.

Mutual Life Insurance Co. of New York.

December, 1908, $500,000, New Haven & Northampton fours.
May 8, 1908, $500,000, New York, New Haven & Hartford (Harlem & Port Chester) fours, May, 1954.

New York Life Insurance Co.

January 20, 1908, $250,000, Boston & New York Air Line fours, August, 1955.
May 8, 1908, $1,000,000, New Haven (Harlem & Port Chester) fours, May, 1954.

John Hancock Mutual Life Insurance Co.

February 10, 1907, $100,000, American Telephone & Telegraph Co. 5 per cent notes, January, 1910.
March 16, 1907:
$100,000 American Telephone & Telegraph Co. 5 per cent notes, May, 1907.
$250,000 Pennsylvania Railroad fives, March, 1910.
May 1, 1907, $100,000 New York, New Haven & Hartford Railroad fours, 1955.
October 4, 1907, $100,000 Boston & New York Air Line fours, 1955.
October 11, 1907, $50,000 Boston & Lowell Railroad registered three-and-a-halfs, 1923.
January 30, 1908:
$25,000 Boston & New York Air Line fours, 1955.
$25,000 American Telephone & Telegraph Co. 5 per cent notes.
November 12, 1908, $75,000 Boston & New York Air Line fours, 1955.
January 2, 1908, $250,000 New Haven & Northampton fours, 1956.
July 7, 1909, $50,000 Boston & Albany Railroad fours, 1934.

THE FIRST NATIONAL BANK,
Chicago, December 27, 1912.

MR. SAMUEL UMTERMYER,
37 Wall Street, New York City.

DEAR SIR: We beg to acknowledge receipt of your favor of the 24th instant asking for certain information with regard to the affairs of this bank and its allied institution, the First Trust & Savings Bank, and I would state that the writer will be prepared to appear before the committee on 48 hours' notice, as suggested in your letter, but owing to the fact that I am at present busy in connection with the details of the organization of these two banks for the coming year, and other matters incident to the closing of this year's business and the starting of the new year; and further, that this bank holds its annual election on January 14, 1913, at which time it is of course very important that I be in Chicago, I would prefer that you delay calling me until after that date.

In paragraph 3 of your letter you mention the Security Company connected with this bank, and before taking up and replying to your questions in detail we want to disabuse your mind of the thought that we have any such institution. The First Trust & Savings Bank, the institution that is allied with this bank, does a banking business pure and simple, confining its deposits to time deposits or deposits subject to the notice of withdrawal only. It is organized under the laws of the State of Illinois and is under the supervision of the State banking department. It is also a member of the clearing house association, clearing all of its own transactions with other Chicago Clearing House banks, and is examined regularly by the clearing house examiner.

Its assets and its business are as separate and distinct as are those of any two banks in Chicago.

Taking up your questions and replying thereto in the order in which they appear in your letter, we would state as follows:

Question 1. A statement year by year since 1897 of the capital, net profits, and dividends of the bank, etc.

Answer. See "Exhibit A," attached hereto.

Question 2. List of stockholders as of January 1, 1912.

Answer. See "Exhibit B," attached hereto.

Question 3. A list of the assets of your bank and of the security company connected therewith as of January 1, 1912.

Answer. We inclose herewith our report to stockholders under date of January 1, 1912, covering statements of both institutions, and we respectfully call your attention to the reports of the First National Bank and the First Trust & Savings Bank, pages 2 and 3 and 2 to 16, respectively, filed with the Committee on Banking and Currency as of April 30, 1912, showing the bonds and other securities owned by each institution. Also pages 5 and 7 and 18 and 19, respectively, showing the loans secured by stocks of financial institutions, believing that the information contained therein will answer your purpose. If, however, we are mistaken in our supposition we will, on request from you, prepare a similar schedule as of January 1, 1912.

Question 4. A copy of any resolution that may appear in the minutes of the meetings, etc.

Answer. We inclose herewith certified copy of resolution as adopted by the board of directors of this bank, same being marked "Exhibit D."

Question 5. Copies of any agreements between shareholders of your banks, etc.

Answer. We inclose herewith copy of agreement between certain trustees and the stockholders of the First National Bank, setting forth the conditions under which the

First Trust & Savings Bank was organized, with conditions with regard to ownership, transfer, etc., the same being marked "Exhibit E."

Question 6. A list of pools, syndicates, and joint accounts, etc.

Answer. We would respectfully call your attention to page 8 of the report of the First National Bank, and pages 20 and 21 of the report of the First Trust & Savings Bank as of April 30, 1912, to the Committee on Banking and Currency, giving information requested.

Question 7. A list of transactions between the bank, etc.

Answer. The First Trust & Savings Bank maintains an active checking account with the First National Bank. The entries therein represent the legitimate current transactions between the two banks and are so numerous that it would be impossible for us by January 1, 1913, or a much later date for that matter, to furnish a transcript of the account for the period requested. They are identical in nature with the entries which would be found in any account kept by a State institution with a national bank. As the First Trust & Savings Bank is not a security-holding corporation for the First National Bank, there are no entries of a nature such as the question would indicate you wish disclosed.

Question 8. A list of stockholdings of your bank, or any of its officers, etc., for benefit of your bank, etc.

Answer. None.

Question 9. A separate statement of interests acquired by your bank, etc., since 1905, etc.

Answer. No such interest has been acquired by this bank directly or indirectly. Such interest, if any, acquired by any of its officers is of nominal importance. We are not informed as to the extent of the investments of our directors in this direction.

Question 10. A list of securities of interstate corporations, etc.

Answer. For the First National Bank, none. We respectfully call your attention to pages 20 and 21 of the report of the First Trust and Savings Bank to the Committee on Banking and Currency as of April 30, 1912, covering most of the information requested. Additional information will be furnished as soon as possible.

Question 11. A similar list with respect to intrastate corporations.

Answer. Same as reply to question 10.

Question 12. A statement of sales of bonds to life insurance companies, etc.

Answer. None by this bank. On June 20, 1908, the First Trust & Savings Bank sold $50,000 City of Muscatine, Iowa, 4 per cent bonds to the National Life Insurance Co., of Montpelier, Vt. No such sales have been made by any of the bank's officers and we are not informed and therefore are unable to answer your inquiry with regard to our directors' actions in this respect.

Question 13. Name of all interstate corporations for which you now act or have acted as fiscal agents, etc.

Answer. Neither this bank nor the First Trust and Savings Bank does or has acted as fiscal agent for any corporation. Probably upward of 1,000 corporations carry deposit accounts and the relations in all cases are only the legitimate business relations between a banker and its customers. We are unable to furnish the statements with regard to the capital and surplus and undivided profits of such corporations that you request.

Question 14. Similar list with regard to intrastate corporations.

Answer. The answer to question 13 also applies to this.

Question 15. A list of various interstate corporations that have been organized by your bank, etc.

Answer. This bank and the First Trust & Savings Bank, through their officers, were largely instrumental in organizing the Chicago, Terre Haute & Southeastern Railway Co., which was formed to take over the properties of two railway companies which were acquired by the banks of Chicago from their interest in the assets of the Chicago National Bank, Home Savings Bank, and the Equitable Trust Co., the assets of which institutions were partially taken over by the Chicago banks at the time of their failure.

Question 16. Similar list with respect to interstate corporations?

Answer. None.

Question 17. Present relations of your bank or any of its officers or directors to all such corporations, etc.?

Answer. E. K. Boisot and F. O. Wetmore, vice president and directors are directors of the Chicago, Terre Haute & Southeastern Railway Co., and Mr. Boisot is also a vice president.

Question 18. A list of any corporations in which any of your officers or directors are members of the board of directors of which any member of the firm of J. P. Morgan & Co., etc.?

Answer. Mr. James B. Forgan, president and director is a director of the Equitable Life Assurance Society, elected by the policy holders. We are not possessed of sufficient information to answer your question in this respect in regard to our other directors.

We await your further favors and, hoping that you can arrange matters so that I need not appear before the committee until after January 14, I remain,

Yours, very truly,

JAS. B. FORGAN, Jr.

[Exhibit A.]

Year.	Capital.	Surplus.	Undivided profits.	Total capital employed.
1897	$3,000,000.00	$2,000,000.00	$138,956.47	$5,138,956.47
1898	3,000,000.00	2,000,000.00	156,860.42	5,156,860.42
1899	3,000,000.90	2,000,000.00	213,671.53	5,213,671.53
1900	[1] 3,666,666.00	2,000,000.00	[1] 732,002.78	6,398,668.78
1901	5,000,000.00	2,000,000.00	1,251,465.71	8,251,465.71
1902	[1] 6,666,666.00	[1] 3,000,000.00	1,769,681.87	11,436,348.53
1903	8,000,000.00	5,000,000.00	1,422,993.36	14,422,993.36
1904	8,000,000.00	5,000,000.00	1,011,108.47	14,011,108.47
1905	8,000,000.00	5,000,000.00	1,021,791.21	14,021,791.21
1906	8,000,000.00	5,000,000.00	1,103,916.13	14,103,916.13
1907	8,000,000.00	6,000,000.00	603,099.01	14,603,099.01
1908	8,000,000.00	7,000,000.00	352,727.33	15,352,727.33
1909	8,000,000.00	7,000,000.00	835,803.31	15,835,803.31
1910	[1] 9,500,000.00	[1] 9,500,000.00	241,904.88	19,241,904.88
1911	10,000,000.00	10,000,000.00	925,077.15	20,925,077.15
1912	10,000,000.00	10,000,000.00	1,503,648.38	21,503,648.38

Year.	Net profits.	Additional to undivided profits from sale of new stock.	Dividends paid.	Percentage net profits to total capital employed.[2]
1897	$377,903.95		$360,000.00	7.35
1898	416,811.11		360,000.00	8.08
1899	611,664.58		360,000.00	11.73
1900	689,832.38	[3] $800,000.00	480,000.00	10.70
1901	1,118,216.16		600,000.00	13.55
1902	1,409,416.85	[4] 2,083,894.64	840,000.00	12.32
1903	1,548,115.11		[5] 1,960,000.00	10.73
1904	970,682.74		960,000.00	6.92
1905	1,042,124.92		960,000.00	7.43
1906	1,459,182.88		960,000.00	10.34
1907	1,709,628.32		960,000.00	11.70
1908	1,443,075.98		960,000.00	9.39
1909	1,368,101.57		960,000.00	8.62
1910	1,823,172.27		1,140,000.00	9.47
1911	1,778,571.23		1,200,000.00	8.49
1912	1,800,000.00		1,700,000.00	8.37

[1] Average amount due to increase during the year.
[2] Average per cent 9.69.
[3] Addition to profit is premium on $1,000,000 stock issued to Union National Bank shareholders.
[4] Addition to profits consist of $583,894.64 from Metropolitan National Bank consolidation; premium of $1,000,000 from sale of new stock to Metropolitan stockholders; premium of $500,000 from sale of new stock to First National Bank stockholders.
[5] Includes extra dividend 12½ per cent amounting to $1,000,000, assigned by each stockholder to trustees and used to pay for stock of First Trust & Savings Bank, organized Dec. 28, 1903.

[Exhibit B.]

Stockholders of the First National Bank of Chicago, Ill., whose holdings on January 1, 1912, amounted to 1,000 shares or more.

	Number of shares held.
Samuel W. Allerton	1,800
George F. Baker	1,000
Adolphus C. Bartlett	1,500
Grace C. Bergquist	1,832
Boston Safe Deposit & Trust Co., trustee:	
Matilda P. Nickerson	500
Samuel M. Nickerson	1,500
	2,000
Augustus A. Carpenter	1,181
D. M. Cummings	2,250
Deering Harvester Co. (copartnership)	2,000
First Trust & Savings Bank, trustee:	
Kate Allerton Johnstone	1,200
Otto Young estate	1,500
Catherine Barker	2,000
	4,700
James B. Forgan	2,510
Mary W. Harriman	1,000
James J. Hill	1,500
E. T. Jeffrey	1,550
Edward Morris	4,327
Ira N. Morris	1,212
Northern Trust Co., 10 trusteeships (largest, S. A. Kent estate, 1,500)	2,609
Norman B. Ream	1,100
Gusta Rothschild	1,255
Maud Morris Schwab	1,443
J. A. Spoor	1,250
E. S. Steinam	1,000

[Exhibit C.]

To the stockholders of the First National Bank, Chicago, Ill.:

GENTLEMEN: Herewith we submit the forty-eighth annual statement of the First National Bank and the eighth annual statement of the First Trust & Savings Bank.

The demand for money for industrial purposes has been limited, the supply having been fully equal to the demand, and low rates of interest have prevailed throughout the year. These low rates are reflected in the reduced earnings of the First National Bank as compared with those of the previous year, but as the amount necessary to be deducted from gross profits to provide for losses is this year about $200,000 less than last year, the net profits for 1911 fall short of those of 1910 by only $44,601.04.

In the First Trust & Savings Bank the profits have been well maintained, showing an increase over the previous year. This is a satisfactory outcome of the year's business, considering the more or less depressed condition of the investment security market, the comparatively small number of new bond issues brought out, and the low rates of interest prevailing on collaterally secured loans during the year.

Such losses as have occurred or can be anticipated have been provided for out of gross earnings, and there are no past due or defaulted obligations either as to principal or interest among the current assets of either bank. The affiliated banks again show satisfactory earnings for the year on their average aggregate capital employed, viz, 10.8 per cent. The net profits for 1911 (all losses provided for) of the First National Bank are $1,778,571.23, as compared with $1,823,172.27 last year, and the net profits of the First Trust & Savings Bank for the year are $1,094,973.81, as compared with $940,604.63 last year.

On the recommendation of the directors the shareholders of the First Trust & Savings Bank, at a special meeting held on December 19 last, voted to increase the capital stock of the First Trust & Savings Bank to $5,000,000 by transferring $2,500,000 from surplus account, which takes effect to-day. Each shareholder has now a beneficial interest of half a share in the First Trust & Savings Bank stock for every share of First National Bank stock owned.

On behalf of the officers and directors.

JAMES B. FORGAN, *President.*

CHICAGO, *December 30, 1911.*

The First National Bank of Chicago (charter No. 8)—Statement of condition Jan. 2, 1912.

ASSETS.

Loans and discounts	$80,447,726.22	
Less discount to maturity, at 4½ per cent	522,315.78	
		$79,925,410.44
United States bonds to secure circulation		1,109,000.00
United States bonds to secure United States deposits		250,000.00
Other bonds (market value)		6,032,879.24
National Safe Deposit Co. (bank building), 17,500 shares stock		1,250,000.00
Cash resources:		
Due from banks (eastern exchange)	$18,855,826.51	
Checks for clearing house	3,837,271.67	
Cash on hand	22,158,643.76	
Due from United States Treasurer	615,450.00	
		45,467,191.94
		134,034,481.62

LIABILITIES.

Capital stock paid in		10,000,000.00
Surplus fund		10,000,000.00
Other undivided profits		1,503,648.38
Dividend No. 119, payable Dec. 30, 1911		300,000.00
Special deposit of United States bonds		600,000.00
Circulating notes received	$1,109,000.00	
Less amount on hand	0.00	
		1,109,000.00
Taxes, 1911		258,644.50
Deposits		110,263,188.74
		134,034,481.62

STATEMENT OF PROFIT AND LOSS ACCOUNT.

Jan. 1, 1911, balance brought forward		925,077.15
Net profits for year 1911 (all bad and doubtful debts provided for)	$1,778,571.23	
Dividends paid, 12 per cent	1,200,000.00	
		578,571.23
Balance forward		1,503,648.38

First Trust & Savings Bank—Statement of condition Jan. 2, 1912.

ASSETS.

Bonds		$22,081,103.36
Time loans with collateral security		15,707,920.12
Demand loans with collateral security	$10,997,853.91	
Cash and due from banks	12,293,429.32	
		23,291,283.23
		61,080,306.71

LIABILITIES.

Capital stock paid in		5,000,000.00
Surplus fund		1,000,000.00
Undivided profits		345,203.42
Reserved for interest and taxes		179,746.61
Time certificates of deposit	$4,656,262.56	
Savings deposits	33,823,797.93	
		38,480,060.49
Demand certificates of deposit	359,424.22	
General deposits	15,715,871.97	
		16,075,296.19
		61,080,306.71

STATEMENT OF PROFIT AND LOSS ACCOUNT.

Jan. 1, 1911, balance brought forward		$150,229.61
Net profits for year 1911 (all bad and doubtful debts provided for)	$1,094,973.81	
Dividends paid, 16 per cent	400,000.00	
		694,973.81
		845,203.42
Transferred to surplus		500,000.00
Jan. 1, 1912, balance forward		345,203.42

Officers: James B. Forgan, president; Emile K. Boisot, vice president; Louis Boisot, trust officer; Robert D. Forgan, treasurer; David V. Webster, secretary; Burt C. Hardenbrook, manager bond department; Frank M. Gordon, assistant manager bond department; Roy C. Osgood, assistant trust officer; Robert L. Davis, manager real estate department; Edward E. Brown, attorney; John Nash Ott, assistant attorney.

[The stock of this bank is owned by the stockholders of the First National Bank of Chicago, and every director is a director of that bank.]

THE FIRST NATIONAL BANK OF CHICAGO—OFFICIAL ORGANIZATION.

James B. Forgan, president; Howard H. Hitchcock, vice president; Frank O. Wetmore, vice president; Emile K. Boisot, vice president; August Blum, vice president; Charles N. Gillett, vice president.

Division A: Howard H. Hitchcock, vice president; E. S. Thomas, assistant cashier. Collateral stocks and bonds, grain, flour, and feed, meat products, live-stock commission, coal, doctors, and lawyers.

Division B: M. D. Witkowsky, vice president; H. H. Heins, assistant cashier. Dry goods, millinery, woolens, clothing, cloaks, furnishing goods, hats and caps, jewelry and merchandising sundries, transportation, ladies.

Division C: Charles N. Gillett, vice president; H. A. Howland, cashier; William J. Lawlor, assistant cashier. Agricultural implements, buggies, automobiles and other vehicles, iron and steel products, lumber, furniture, etc., manufacturing sundries.

Division D: Arthur W. Newton, vice president; A. C. C. Timm, assistant cashier. Stone, brick, cement, contractors, wall paper, paints, oils, glass, etc., boots, shoes, leather, hides and wool, real estate and insurance, publishing, printing, engraving, and paper, miscellaneous.

Division E: Charles H. Newhall, vice president; John P. Oleson, assistant cashier. Groceries, drugs, produce commission and cold storage, wholesale and retail liquors, brewers and brewers' supplies, tobacco, restaurants, bakers, and hotels.

Division F: August Blum, vice president; R. F. Newhall, assistant cashier; John F. Hagey, assistant cashier; G. H. Dunscomb, assistant cashier. Banks and bankers.

Auditing department: H. L. Droegemueller, auditor. Clerical and bookkeeping departments: William H. Monroe, assistant cashier. Credit and statistical department: J. W. Lynch, manager. Discount and collateral department: Charles M. Walworth, manager. Foreign exchange department: John J. Arnold, manager; Charles P. Clifford, assistant manager. Law department: Edward E. Brown, attorney; John Nash Ott, assistant attorney. Transit and general books department: Charles R. McKay, manager.

Board of directors of the First National Bank of Chicago and the National Safe Deposit Co.: Benjamin Allen, Samuel W. Allerton, A. C. Bartlett, E. K. Boisot, William L. Brown, Augustus A. Carpenter, D. Mark Cummings, James B. Forgan, James J. Hill, H. H. Hitchcock, Marvin Hughitt, E. T. Jeffery, William J. Louderback, Harold F. McCormick, Edward Morris, Charles H. Morse, Eugene S. Pike, Henry H. Porter, jr., Norman B. Ream, John A. Spoor, Bernard E. Sunny, Willam J. Watson, Frank O. Wetmore, Clarence M. Woolley. Also the directors and advisory committee of the First Trust & Savings Bank.

[Exhibit D.]

Resolved, That for the purpose of enabling the stockholders in this bank to make payment for the capital stock of the First Trust & Savings Bank under and in accordance with certain written agreement dated November 2, 1903, between James B. Forgan and others, as trustees, parties of the first part, and Otto Young and others,

as stockholders of the First National Bank of Chicago, parties of the second part, a dividend of $12.50 per share be and the same is declared payable December 21, 1903, to stockholders of record on that date.

I, Henry A. Howland, do hereby certify that I am cashier of the First National Bank of Chicago, a corporation, and as such the keeper of its seal and of its records, and that the foregoing is a true and correct copy of a resolution passed by the board of directors of said bank at a meeting thereof duly called and held on the 18th day of December, A. D. 1903.

Witness my hand and the seal of said bank this 27th day of December, A. D. 1912.

[SEAL.] HENRY A. HOWLAND,
Cashier.

[Exhibit E.]

This agreement made and entered into this —— day of ———, A. D. 1903, by and between James B. Forgan, David R. Forgan, George D. Boulton, Howard H. Hitchcock, and Richard J. Street, as trustees, parties of the first part, and Otto Young and others executing this instrument, being stockholders of the First National Bank of Chicago, parties of the second part, witnesseth that—

Whereas it is deemed to be for the interest of the stockholders of said the First National Bank of Chicago that a savings bank and trust company should be organized under the laws of the State of Illinois, which shall be continuously owned by the persons who shall from time to time be the shareholders of record of the said national bank, or such other bank as may from time to time succeed to said national bank's good will and business, in proportion to their respective holdings of record of the stock of said national bank (or its successors as aforesaid), for the purpose, in part, of transacting for the patrons of said national bank certain branches of business usually or often transacted by banking institutions, but not clearly included within the corporate powers of said national bank; and to that end it is desirable to secure the consent in writing of all the shareholders of said national bank to the plan for the organization of said savings bank and trust company and the ownership of its stock and the management of its affairs:

Now, therefore, in consideration of the premises, we, the undersigned stockholders of record of the First National Bank of Chicago, do hereby, each for himself only, consent and agree to and with the said parties of the first part and their successors in trust that the said parties of the first part may take the necessary steps required by law to organize a savings bank and trust company under the laws of the State of Illinois to do business in the city of Chicago with a paid-up capital of $1,000,000; said bank to be organized, owned, and managed as hereinafter set forth; and that our rights and the rights of our successors in interest in and to and over the stock of said savings bank and trust company shall be those only which are hereinafter specified and provided:

First. The name of the corporation shall be the First Trust & Savings Bank.

Second. The capital stock of the corporation shall be $1,000,000.

Third. The shares of capital stock of said corporation may be subscribed for in the first instance by such persons as may be selected or nominated by the said parties of the first part, but when paid for as hereinafter provided the capital stock of said corporation shall be held in the names of such persons as from time to time shall be respectively the president, three of the vice presidents, and the cashier of the said national bank, or of its successors as aforesaid, as trustees, which said trustees may exercise during the life of the trust all the rights and powers of absolute owners of the stock, except as otherwise provided herein, and except also to the extent and in so far as they may receive express directions in writing, signed by a majority of at least two-thirds in interest of the persons beneficially interested in the said stock, and subject to the distribution of the dividends received upon said stock as hereinafter provided. All dividends received by said trustees on the said shares of stock in said savings bank and trust company shall, on the days of their receipt by said trustees, be paid over by said trustees to said national bank, or its successor as aforesaid for the time being, for immediate distribution by the latter among the persons beneficially interested as aforesaid in the capital stock of said savings bank and trust company, pro rata according to their ownership of record of shares of stock in said national bank, or its successor for the time being—that is to say, each shareholder of said national bank, or its successor, shall participate in any dividend so distributed in proportion to his holdings of record of the stock of said national bank or its successor on the day of the payment of the dividend of the savings bank and trust company so to be distributed. Said trustees shall in each instance take from said national bank, or its successor, as

the case may be, a written receipt for dividends so paid over and an undertaking promptly to distribute as aforesaid the funds so received, which receipt and undertaking shall be a good and sufficient voucher for said trustees in respect to all dividends so received and paid over by them as aforesaid, and which receipt and undertaking may be in form as follows:

Received of ——— ———, trustees of the capital stock of the First Trust & Savings Bank under and by virtue of that certain written agreement, dated ———, A. D. 1903, between James B. Forgan and others, parties of the first part, and Otto Young and others, shareholders of the First National Bank of Chicago, parties of the second part, ——— dollars, ($———), being the total dividend, No. ——, of —— per cent, this day paid by the First Trust & Savings Bank on its capital stock. The same is so paid, and is received by the undersigned, for immediate distribution to the persons beneficially interested in the stock of said savings bank and trust company—that is to say, to the same persons as are the shareholders of record in the undersigned bank and in the same proportion in which they are such shareholders. The undersigned hereby undertakes and promises to make such distribution forthwith.

Provided, however, That if for any reason it shall become or be impracticable to distribute said dividends through the agency of said the First National Bank of Chicago, as above provided, then said trustees shall themselves forthwith distribute each dividend when received to the persons who would have been entitled to receive the same if distribution thereof had been made as aforesaid by said the First National Bank of Chicago.

Said trust shall continue so long as said national bank or its successors as aforesaid shall continue to do a banking business, unless the said trust shall be sooner terminated by the affirmative request in writing of a majority of at least two-thirds in interest of the owners of record of the capital stock of the said national bank, or its successor for the time being, and upon the termination of the said trust the shares of stock of said savings bank and trust company shall belong to and be distributed among the then shareholders of record of the said national bank, or its successor as aforesaid for the time being, in proportion to their holdings of the stock of said national bank or its successor.

The persons beneficially interested in the stock of said savings bank or trust company under the said trust shall be subject to the same liability upon the stock of said savings bank and trust company as they would have been subject to in case they had been the owners of record of shares of said stock corresponding in amount to their beneficial interest in said stock, and to that extent they shall indemnify and save harmless the trustees in whose name said stock shall stand of record from any loss or liability on account of said stock as the holders of record thereof; the obligation hereunder to be several and not joint on the part of the persons beneficially interested as aforesaid.

Fourth. The shareholders of said national bank shall be liable only to make payment on account of their respective interests in the capital stock of said proposed State bank out of and to the extent of their respective interests in a special or extra dividend which may be declared hereafter by said national bank to an aggregate amount equal to the said capital of the said savings bank, and in the event that any such extra or special dividend shall be hereafter and within one year from the date hereof declared and paid by said the First National Bank of Chicago, the said parties of the first part, or their successors, are authorized to receipt for such extra dividend in behalf of the shareholders assenting to this scheme and to apply the respective amounts received on their behalf on account of such dividend to the payment of the capital stock of said savings bank and trust company.

Fifth. While the stock of said savings bank and trust company shall be held by trustees as hereinbefore provided, no person beneficially interested therein shall have the right to transfer his interest therein, or any part thereof, otherwise than by the transfer of the ownership of his stock in said national bank, or its successor for the time being, upon the books of the latter; and no beneficial interest in the said stock of said savings bank and trust company shall be capable of being severed from the ownership of said stock in said national bank, or its successor, and the only evidence of the beneficial interest of any person in the stock of said savings bank and trust company shall be that given in and by the following indorsement, which shall, on the organization of said savings bank and trust company, be placed by the trustees hereinbefore provided for upon the back of all outstanding certificates of stock of said national bank and shall thereafter until the termination of the trust always be placed as aforesaid on the back of all certificates of stock of said national bank, or its successors as aforesaid, viz:

The owner of the shares of stock represented by this certificate is beneficially interested in common with all the other stockholders of the First National Bank of Chicago in a pro rata amount of the capital stock of the First Trust & Savings Bank by and

under a certain written agreement, dated ——, A. D., 1903, between James B. Forgan and others, trustees, and Otto Young and others as stockholders of the First National Bank of Chicago, which beneficial interest is subject to all the terms, conditions, and limitations of said agreement, including the condition that said beneficial interest can not be sold or transferred otherwise than by the transfer of the shares of stock represented by the within certificate upon the books of said national bank. The beneficial interest in the stock of said trust and savings bank now held by the owner of the within certificate shall pass with the transfer of the shares of the said national bank represented by the within certificate, upon the transfer of the said shares upon the books of said national bank, and shall be otherwise inalienable.

And no person owning any beneficial interest in the stock of said savings bank and trust company shall be entitled to share in the distribution of any dividends received by said trustees until his certificates for his stock in said national bank shall have been presented to said trustees or their successors and the said indorsement shall have been placed thereon.

Sixth. No person shall be eligible for the office of director of said savings bank and trust company who is not a director of said national bank or its successor as aforesaid, and if any such director, after his election, shall cease for any cause to be a director of said national bank or its successor, he shall ipso facto cease also to be a director of said savings bank and trust company.

In witness whereof said parties have hereunto set their hands the day and year first above written.

——— ———

——— ———

Trustees.

Names of shareholders.	Number of shares.

EXHIBIT 231, JANUARY 24, 1913.

ILLINOIS TRUST & SAVINGS BANK,
PRESIDENT'S OFFICE,
Chicago, January 2, 1913

MR. SAMUEL UNTERMEYER,
Care of Guggenheimer, Untermeyer & Marshall,
37 Wall Street, New York, N. Y.

DEAR SIR: I have your favor of the 29th ultimo, for which I am obliged. I will be glad to know about my attendance when you have reached a conclusion.

In further reply to your favor of the 24th ultimo, I beg to hand you herewith schedules marked 1, 2, 3, 4, 5, 6, 7, and 8. These are replies to the first eight questions contained in your letter of the 24th ultimo.

I beg to add in further reply to the fourth question, that the bank made no public offerings except public offerings of certain local securities like street railways and municipal bonds, and that it has no copies of the circulars or advertisements respecting such offerings.

I beg to add in further reply to interrogatory sixth, that the securities mentioned in our schedule were not purchased since 1905, but came to the bank through its ownership of securities theretofore held.

Answering interrogatory ninth, I beg to say that neither this bank nor any of its officers or directors, so far as I know, have made any sales of bonds to life insurance companies since January 1, 1907.

Answering interrogatories tenth and eleventh, I beg to say that this bank does not act as banker, fiscal agent, or depositary for any corporation (either interstate or intrastate), except, however, that it has deposit accounts with each class of such corporations subject to the absolute control and check of the depositor. It has no agreements of any kind with any depositor save such an agreement as would be evidenced by a deposit of money with it as a bank.

Answering interrogatories twelfth and thirteenth, I beg to say that no corporations (either interstate or intrastate) have been organized by the Illinois Trust & Savings Bank, or by any of its officers or directors, nor has said bank or any of its officers or

directors participated in organizing any such corporation, nor has this bank or any of its officers or directors promoted purchased, sold, or underwritten, from 1907 to the present time, any securities of any such corporation.

It follows from the foregoing that the answer to the fourteenth interrogatory is, that no such relations exist.

I hand you a schedule marked schedule 15 in answer to your fifteenth interrogatory.

I regret the time which has been necessarily consumed in furnishing this information, and should be pleased to supplement it if you so desire.

Yours, very truly,

JNO. J. MITCHELL, *President.*

Schedule 1.

A statement year by year since 1897, of the capital, net profits, and dividends of your bank:

	Capital as of Jan. 1.	Surplus as of Jan. 1.	Profits.	Dividends.
1897	$2,000,000.00	$2,000,000.00	$198,412.36	$240,000.00
1898	2,000,000.00	2,000,000.00	617,442.24	240,000.00
1899	2,000,000.00	2,000,000.00	895,513.04	300,000.00
1900	3,000,000.00	2,000,000.00	968,942.78	360,000.00
1901	3,000,000.00	2,000,000.00	1,245,997.53	390,000.00
1902	4,000,000.00	4,000,000.00	1,296,029.46	520,000.00
1903	4,000,000.00	5,000,000.00	926,931.57	640,000.00
1904	4,000,000.00	5,000,000.00	554,253.17	640,000.00
1905	4,000,000.00	5,000,000.00	1,225,878.69	640,000.00
1906	4,000,000.00	5,000,000.00	1,643,185.25	705,000.00
1907	4,500,000.00	5,000,000.00	1,772,636.42	925,000.00
1908	5,000,000.00	6,500,000.00	838,303.35	1,000,000.00
1909	5,000,000.00	7,500,000.00	1,126,808.41	1,000,000.00
1910	5,000,000.00	7,500,000.00	1,574,391.16	1,000,000.00
1911	5,000,000.00	8,000,000.00	1,371,354.22	1,000,000.00
1912	5,000,000.00	8,000,000.00	1,688,268.79	1,000,000.00

Schedule 2.

List of the stockholders of the Illinois Trust & Savings Bank, as of January 1, 1912, whose holdings are 1,000 shares or more:

Name.	Shares.
Blair, Mary A. I. (Mrs. C. J.)	1,536
Crerar Library, The John	1,450
Field, Joseph N.	1,250
Hill, James J	1,000
Merchants Loan & Trust Co., Chauncey Keep and Arthur B. Jones, trustees under the will of Marshall Field, deceased	1,250
Mitchell, Jennie M.	2,000
Mitchell, John J.	1,813
Mitchell, John J., trustee under the will of William H. Mitchell, deceased	6,750
The trustees under the last will and testament of Levi Z. Leiter, deceased	1,400

Schedule 3.

Assets as of January 1, 1912:

Demand loans	$21,846,074.76
Time loans	39,055,881.62
Real estate loans	1,247,145.00
Stocks and bonds	27,954,720.57
Cash and exchange	19,998,245.26
	110,102,067.21

Schedule 6.

A list of the pools, syndicates, and joint accounts for the purchase and sale of securities with which your bank has been connected or identified as a member or party for the past 10 years, together with the date of each transaction, the amount of securities involved in the transaction, and the amount of the participation of the bank; also a statement of whether the bank was an original promoter or underwriter or syndicate manager in the acquisition or sale of the particular securities, and any of the cases in which the securities were offered for sale, either by circular or advertisement, and whether by the bank alone or in conjunction with others. In all cases in which there was a public offering over the name of the bank either alone or with others, the committee desires a copy of the circular or advertisement. Particular attention is called to the request for the names of all persons with whom any such transactions were had in joint account and the proportion of each of the interested parties.

Date.	Securities.	Total.	Participation.	Participants.
July, 1907	Kansas City Ry. & Light 5-year 6 per cent convertible gold notes....	$4,125,000	$150,000	Blair & Co., Kuhn, Loeb & Co., syndicate managers.
Do.....	Texas & Pacific Ry. Co. equipment 5 per cent notes.....	3,100,000	250,000	Blair & Co., syndicate managers.
Sept., 1907	Denver & Rio Grande R. R. 5 per cent equipment notes.....	1,500,000	100,000	Do.
Do.....	New York City 4½ per cent, 1957.....	40,000,000	250,000	Joint account W. A. Read & Co.
Do.....	West Park, Chicago, 4 per cent.....	950,000	237,000	Harris Trust & Savings., N. W. Halsey, First Trust & Savings, Illinois Trust & Savings, joint purchase, equal parts.
Do.....	Sanitary District of Chicago 4 per cent.....	1,000,000	168,000	Harris Trust & Savings, First Trust & Savings, Northern Trust Co., N. W. Halsey, Merchants Loan & Trust, Illinois Trust & Savings, joint purchase, equal amounts.
Feb., 1908	New York City 4½ per cent, 1908.....	50,000,000	750,000	Joint account with W. A. Read & Co.
Do.....	Sanitary district of Chicago 4 per cent, 1907	1,917,500	319,000	First Trust & Savings, Harris Trust & Savings, Northern Trust Co., N. W. Halsey & Co., Merchants Loan & Trust, joint purchase, equal amounts.
Do.....	Chicago Rys .Co. first mortgage 5 per cent.....	5,000,000	200,000	National City Bank, N. Y., N. W. Harris & Co., syndicate managers.
Do.....	Chicago Rys. Co. 5-year 6 per cent gold notes.....	4,325,000	375,000	Union Trust Co., syndicate managers.
Mar., 1908	Chicago, Rock Island & Pacific collateral trust notes, 4½ per cent: extension, 6 per cent.	6,000,000	200,000	Speyer & Co., managers.
May, 1908	Chicago Rys. Co. first mortgage 5 per cent.....	3,000,000	120,000	National City Bank, New York, N. W. Harris & Co., syndicate managers.
Do.....	Cook County Infirmary 4 per cent.....	1,900,000	634,000	Harris Trust & Savings, Illinois Trust & Savings, N. W. Halsey & Co., joint purchase, equal amounts.
Do.....	Denver & Rio Grande R. R. Co. 6 per cent convertible notes.....	10,000,000	250,000	Blair & Co., Wm. Salomon & Co., W. A. Read & Co., syndicate managers.
June, 1908	Chesapeake & Ohio Ry. first mortgage 4 per cent, Big Sandy Ry....	1,500,000	100,000	Wm. Salomon & Co., syndicate managers.
Do.....	City of Chicago 4 per cent.....	1,000,000	250,000	Harris Trust & Savings, First Trust & Savings, Merchants Loan & Trust, Illinois Trust & Savings, joint purchase, equal amounts.
Aug., 1908	Chesapeake & Ohio Ry., Big Sandy Ry., 4 per cent.....	1,500,000	100,000	Wm. Salomon & Co., syndicate managers.
Do.....	Carolina, Clinchfield & Ohio Ry. first mortgage 5 per cent and options.	6,000,000 2,000,000 2,000,000	100,000 33,000 33,000	Blair & Co., managers.
Do.....	Atchison, Topeka & Santa Fe Ry. Transcontinental Short Line first mortgage 4 per cent, 1958	17,000,000	100,000	J. P. Morgan & Co., Drexel & Co., managers.
Sept., 1908	City of Philadelphia 30-year 4 per cent registered bonds..	10,000,000	1,575,000	Joint account with W. A. Read & Co.
Do.....	Canadian Northern Ry. equipment first mortgage 4½ per cent.	1,700,000	850,000	Do.

Oct., 1908	Essex County, N. J., 4 per cent	631,000	631,000	Joint account with Mason, Lewis & Co.
Do	Virginia-Carolina Chemical Co. first mortgage 5 per cent	12,000,000	100,000	Blair & Co., Hallgarten & Co., syndicate managers.
Do	Union Pacific R. R. Co. first lien and refunding 4 per cent	1,560,000	160,000	Chase National Bank, Harvey Fisk & Sons, joint purchase.
Dec., 1908	....do	1,500,000	100,000	Do.
Oct., 1908	Southern Pacific R. R. Co. first refunding 4 per cent	14,000,000	250,000	Kuhn, Loeb & Co., Speyer & Co., managers.
Do	....do	2,614,000	200,000	Chase National Bank, Kissel, Kennicutt & Co., joint purchase.
Nov., 1908	City of Philadelphia 4 per cent registered bonds	3,500,000	600,000	Jointly with W. A. Read & Co.
Do	City of New York 4 per cent 1958	12,000,000	1,000,000	Do
Dec., 1908	St. Louis & San Francisco R. R. Co. general lien 5 per cent	30,000,000	500,000	Speyer & Co., managers.
Do	Illinois Central R. R. refunding 4 per cent	20,000,000	150,000	Jointly with W. A. Read & Co.
Do	Denver & Rio Grande first and refunding 5 per cent	17,500,000	438,000	Blair & Co., Wm. Salomon & Co., W. A. Read & Co., syndicate managers.
Do	American Telegraph & Telephone Co convertible 4 per cent bonds	50,000,000	50,000	Allotted by First National Bank, N. Y., syndicate, J. P. Morgan & Co., Kuhn, Loeb & Co., Kidder, Peabody & Co., Baring Bros. & Co. (Ltd.).
Do	The Texas Co	4,000,000	250,000	Harris, Winthrop & Co., managers.
Do	Sanitary District of Chicago 4 per cent	1,000,000	1,000,000	Jointly with Harris Trust & Saving, advisers.
Do	City of St. Joseph, Mo. 4 per cent	400,000	400,000	Jointly with Lee, Higginson & Co., managers.
Do	United Fruit Co. 4½ per cent sinking fund gold debenture	4,250,000	100,000	Lee, Higginson & Co., syndicate managers.
Do	Chicago Telephone Co. first mortgage 5 per cent	5,000,000	100,000	Do.
Do	Chesapeake & Ohio Ry. general funding and improvement 5 per cent	11,000,000	75,000	Kuhn, Loeb & Co., J. P. Morgan & Co., underwriters.
Jan., 1909	Boston & Maine R. R. 4½ per cent debentures	11,700,000	500,000	Joint account with W. A. Read & Co.
Do	Commonwealth Edison Co. first mortgage 5 per cent	10,000,000	1,427,000	First Trust & Savings, Harris Trust & Savings, managers, Merchants Loan & Trust Co., Northern Trust Co., N. W. Halsey & Co., Russell Brewster & Co., Illinois Trust & Savings, syndicate, equal amounts.
Feb., 1909	Chicago Railways Co. first mortgage 5 per cent	6,000,000	240,000	Harris Trust & Savings, syndicate manager.
Do	....do	5,387,000	215,480	Do.
Do	....do	5,000,000	200,000	Do.
Do	New York City 3½ per cent revenues	10,000,000	1,000,000	Joint account with Goldman, Sachs & Co., and Heidelbach, Ickelheimer & Co.
Do	Southern Pacific Ry. Co. convertible 4 per cent	44,500,000	200,000	Kuhn, Loeb & Co., managers.
Do	Baltimore & Ohio, Pittsburgh, Lake Erie & West Virginia systems 4 per cent bonds.	1,000,000	333,000	First National Bank, N. Y., managers.
Mar., 1909	Allegheny County, Pa. road and highway 4 per cent	1,000,000	1,000,000	Joint account with Mason, Lewis & Co.
Apr., 1909	St. Louis & San Francisco general lien 5 per cent	18,000,000	300,000	Speyer & Co., managers.
Do	Canadian Northern Ry. equipment first mortgage 4½ per cent	2,500,000	500,000	Joint account with W. A. Read & Co.
Do	Corn Products Refining Co. first mortgage 5 per cent	5,000,000	200,000	Speyer & Co., managers.
May, 1909	Kansas City Southern Ry. Co. 5 per cent refunding and improvement	10,000,000	75,000	Ladenburg, Thalmann & Co., managerr.
Do	Cudahy Packing Co. first mortgage 5 per cent	4,000,000	50,000	Lee, Higginson & Co., managers.
Do	Armour & Co. real estate first mortgage 4½ per cent	25,000,000	200,000	Kuhn, Loeb & Co., National City Bank, New York, managers.
Do	Minneapolis, St. Paul & Sault Ste. Marie Ry. (leased lines) preferred stock.	Approximately 7,500 shares.	2,500 shares.	Jointly with W. A. Read & Co.
Do	Chicago, Lake Shore & Eastern Ry. first mortgage 4½ per cent	9,000,000	800,000	Do.
June, 1909	National Enameling & Stamping Co. refunding first mortgage real estate sinking fund 5 per cent.	3,500,000	100,000	Goldman, Sachs & Co., Lehman Bros., managers.
Do	Toledo Rys. & Light Co. Extension: Toledo Traction Co. 5 per cent	4,234,000	100,000	Blair & Co., managers.
	Toledo Construction Street Ry. 5 per cent	1,066,000		
Do	Chicago Great Western Ry. reorganization	24,892,274	100,000	J. P. Morgan & Co., managers.

Schedule 6—Continued.

Date.	Securities.	Total.	Participation.	Participants.
June, 1909	Florida East Coast first mortgage 4½ per cent	$10,000,000	$50,000	J. P. Morgan & Co., First National Bank, New York, National City Bank, New York, managers.
Do	Seaboard Air Line Ry. 5 per cent adj. mortgage	25,000,000	100,000	Blair & Co., managers.
Do	Morris & Co. first mortgage sinking fund 4½ per cent	10,000,000	200,000	First Trust & Savings, managers.
July, 1909	Interborough Rapid Transit 5 per cent bonds	10,000,000	50,000	J. P. Morgan & Co. (our participation allotted by Lee, Higginson & Co.), managers.
Do	St. Louis & San Francisco general lien 5 per cent	12,000,000	200,000	Speyer & Co., managers.
Sept., 1909	New York Telephone Co. first mortgage 4½ per cent	25,000,000	300,000	Kidder, Peabody & Co., managers.
Oct., 1909	Cincinnati, Hamilton & Dayton Ry. first and refunding 4 per cent	12,500,000	100,000	Speyer, & Co., Kuhn, Loeb & Co., managers.
Nov., 1909	Missouri Pac. Ry. convertible 5 per cent first and refunding bonds	29,806,000	125,000	Kuhn, Loeb & Co., managers.
Do	Kanawha & Michigan Ry. Co. second mortgage 5 per cent	2,500,000	25,000	Lee, Higginson & Co., managers.
Dec. 1909	Mahoning & Shenango Ry. & Light first consolidated refunding 5 per cent.	3,800,000	50,000	Blair & Co., managers. (Our allotment from Lee, Higginson & Co.)
Do	Iroquois Iron Co. first-mortgage 5 per cent	2,300,000	400,000	Lee, Higginson & Co., managers.
Jan., 1910	Western Electric Co. first-mortgage 5 per cent	5,000,000	500,000	Do.
Do	do	3,750,000	325,000	Do.
Do	City of Waterloo, Iowa, waterworks 4½ per cent	525,000	525,000	Jointly with Reynolds, Watson & Co.
Do	Lackawanna Steel Co. first consolidated 5 per cent	10,000,000	100,000	Speyer & Co., managers.
Do	Lackawanna Steel Co. 5-year 5 per cent debentures	10,000,000	100,000	Do.
Do	National Rys. of Mexico 4½ per cent bonds	2,500,000	200,000	Ladenburg, Thalmann & Co., managers. (Our participation allotted through Chase National Bank.)
Feb., 1910	New York, New Haven & Hartford convertible 6 per cent debentures	1,292,000	1,292,000	Jointly with W. A. Read & Co.
Jan., 1910	Chicago City & Connecting Rys. 5 per cent sinking-fund bonds	22,000,000	1,900,000	J. P. Morgan & Co., First Trust & Savings, Illinois Trust & Savings, syndicate managers.
Feb., 1910	Kansas City Terminal Ry. Co. first-mortgage 4 per cent	12,500,000	1,750,000	J. P. Morgan & Co., Lee, Higginson & Co., managers.
Do	Rock Island, Arkansas & Louisiana R. R. Co. first-mortgage 4½ per cent.	11,000,000	100,000	Speyer & Co., managers.
Mar., 1910	St. Louis & San Francisco R. R. 3-year 5 per cent gold notes	8,000,000	250,000	Do.
Do	New York Telephone Co. first and general sinking fund 4½ per cent	10,000,000	500,000	Jointly with W. A. Read & Co.
Do	Chesapeake & Ohio Ry. 4½ per cent convertible bonds	31,390,000	100,000	J. P. Morgan & Co., Kuhn, Loeb & Co., National City Bank, New York, managers.
Apr., 1910	Atchison, Topeka & Santa Fe convertible 4 per cent	43,686,000	250,000	J. P. Morgan & Co., syndicate managers. (Our part allotted by National City Bank, N. Y.)
Do	Kansas City Ry. & Light bonds underwriting	8,199,000	250,000	Lee, Higginson & Co., managers.
May, 1910	Producers Oil Co. first mortgage 6 per cent convertible	2,000,000	250,000	Harris, Winthrop & Co., managers.
Do	Pennsylvania R. R. 4½ per cent equipment	11,000,000	500,000	Jointly with W. A. Read & Co.
June, 1910	Canadian Northern Ry. 4½ per cent equipment first mortgage	3,000,000	750,000	Do.
Do	City of Chicago 4½ per cent water loan	500,000	500,000	Do.
July, 1910	Commonwealth Edison Co. first mortgage 5 per cent	10,000,000	600,000	Harris Trust & Savings, First Trust & Savings, Northern Trust Co., American Trust & Savings, Merchants Loan & Trust Co., Russell, Brewster & Co., N. W. Halsey & Co., syndicate.
Do	Linn & Lane Timber Co. first mortgage 6 per cent	750,000	750,000	Jointly with W. A. Read & Co.
Oct., 1910	Sanitary District of Chicago 4 per cent	1,000,000	1,000,000	Lee, Higginson & Co., Illinois Trust & Savings, joint account.

Nov., 1910	Chicago & Northwestern Ry. 4 per cent generals	15,000,000	150,000	Kuhn, Loeb & Co., managers.
Apr., 1911	....do	7,500,000	150,000	Do.
Nov., 1910	General Rubber Co. 4½ per cent debentures	247,000	247,000	Joint account with W. A. Read & Co.
Do	Kansas City Terminal Ry. Co. first mortgage 4 per cent	7,500,000	1,500,000	Lee, Higginson & Co., managers.
Dec., 1910	Western Electric Co. first mortgage 5 per cent	6,250,000	200,000	Do.
Do	Boston & Northern Steam Ry. first refunding mortgage 4 per cent	2,050,000	500,000	Jointly with W. A. Read & Co.
Do	Old Colony Steam Ry. refunding 4 per cent	450,000		
Do	Minneapolis & St. Louis 5 per cent notes extension	4,000,000	200,000	Speyer & Co., National City Bank, N. Y., managers.
Jan., 1911	Chicago & Western Indiana Ry. construction 4 per cent	1,700,000	1,700,000	Jointly with W. A. Read & Co.
Do	Seaboard Air Line refunding 4 per cent	23,000,000	121,000	Blair Co., Ladenburg, Thalmann & Co., Middendorf, Williams & Co., syndicate managers.
Do	Detroit United Rys. 5 per cent notes	1,500,000	300,000	Jointly with W. A. Read & Co.
Do	City of New York 4½ per cent corporation stock	1,271,000	1,271,000	Do.
Do	Chicago Rys. Co. first mortgage 5 per cent	15,000,000	600,000	Harris Forbes & Co., National City Bank, New York, managers
Feb., 1911	Kansas City Southern Ry. & Improvement 5 per cent	5,000,000	100,000	Ladenburg, Thalmann & Co., managers.
Do	Drake Hotel Co. first mortgage 5 per cent	401,000	401,000	Jointly with First Trust & Saving Bank.
Do	The Texas Co. 6 per cent convertible debenture	11,500,000	1,000,000	Harris, Winthrop & Co., managers.
Do	St Paul & Kansas City Short Line R. R. first mortgage 4½ per cent	10,000,000	100,000	Speyer & Co., managers.
Mar., 1911	Chicago, Milwaukee & Puget Sound Ry. first mortgage 4 per cent	25,000,000	150,000	Kuhn, Loeb & Co., National City Bank, New York, managers.
May, 1911	Central New England Ry. first mortgage 4 per cent	600,000	600,000	Jointly with W. A. Read & Co.
June, 1911	Oregon-Washington R. R. & Nav. Co. first and refunding mortgage 4 per cent.	25,000,000	125,000	Kuhn, Loeb & Co., managers.
Do	United States Government 3 per cent, Panama	2,000,000	400,000	Joint account with W. A. Read & Co.
Do	Chicago Elevated Rys. 3-year 5 per cent notes	30,000,000	300,000	National City Bank, New York, managers.
Do	....do	6,000,000	250,000	Joint account with Wm. Salomon & Co. and J. W. Seligman.
Do	....do	2,150,000	93,500	Joint account with Wm. Salomon & Co.
Do	Chicago Elevated Rys., unincorporated stock syndicate	[1]16,000,000	700,000	Allotted by Blair & Co.
Do	City of Minneapolis, 4 and 4½ per cent	667,000	667,000	Jointly with W. A. Read & Co.
July, 1911	United Fruit Co., 4½ per cent debentures	2,500,000	100,000	Lee, Higginson & Co., managers.
Do	Illinois Steel Co., 4½ per cent debentures	5,000,000	100,000	Lee, Higginson & Co., Kissel, Kennicutt & Co., managers.
Do	New York, Westchester & Boston, first mortgage, 4½ per cent	17,200,000	100,000	Harris Trust & Saving, Kissel, Kennicutt & Co., managers.
Do	City of Spokane, 4½'s	415,000	415,000	Jointly with W. A. Read & Co.
Aug. 1911	United States Smelting, Refining & Mining, 3-year 5 per cent notes	4,000,000	50,000	Lee, Higginson & Co., managers.
Do	Pacific Power & Light Co., first and refunding mortgage, 5 per cent	1,122,000	50,000	White, Weld & Co., managers.
Do	City of Minneapolis, 4 and 4½ per cent	442,000	442,000	Joint account, W. A. Read & Co.
Oct., 1911	Minneapolis, St. Paul & Sault Ste. Marie Ry. Co., Central Terminal Ry. Co., Chicago Terminal, first mortgage, 4 per cent.	6,000,000	200,000	W. A. Read & Co., managers.
Do	Mitchell-Lewis Motor Co., 6 per cent notes	2,500,000	125,000	White, Weld & Co., managers.
Nov., 1911	Standard Gas & Electric Co., convertible 6 per cent sinking fund bonds.	7,500,000	100,000	Montgomery, Clothier & Co., White, Weld & Co., managers.
Dec., 1911	Public Service Co. of Northern Illinois, first and refunding 5 per cent	4,500,000	300,000	N. W. Halsey & Co., Russell, Brewster & Co., managers.
Do	Toledo Rys. & Light Co., first mortgage bonds extension	6,000,000	200,000	Blair & Co., managers.
Jan., 1912	International Harvester Co., 5 per cent notes	20,000,000	1,000,000	J. P. Morgan & Co., managers.
Do	Chicago, Rock Island & Pacific Ry., 5 per cent debentures	20,000,000	500,000	Speyer & Co., managers.
Do	J. I. Case Threshing Machine Co., 7 per cent preferred stock underwriting.	8,000,000	100,000	J. P. Morgan & Co., managers.
Do	City of Seattle, 4½ and 5 per cent	3,280,000	820,000	Jointly with W. A. Read & Co.
Feb., 1912	Milwaukee, Sparta & Northwestern Ry., first mortgage 4 per cent	15,000,000	150,000	Kuhn, Loeb & Co., managers.
Do	Chicago, St. Paul, Minneapolis & Omaha Ry. Co., 5 per cent debentures.	5,000,000	150,000	Do.
Mar., 1912	Peoples Gas Light & Coke Co., refunding 5 per cent, 1947	250,000	250,000	Jointly with W. A. Read & Co.

[1] Or less.

Schedule 6—Continued.

Date.	Securities.	Total.	Participation.	Participants.
Mar., 1912	City of Tokyo, 5 per cent loan	$10,000,000	$100,000	Kuhn, Loeb & Co., managers.
Apr., 1912	Chicago Telephone Co., first mortgage 5 per cent	14,000,000	1,000,000	Harris Trust & Saving, First Trust & Savings, Lee, Higginson & Co., Merchants Loan & Trust, Northern Trust Co., Illinois Trust & Savings, syndicate.
Do	The Utah Co., 5-year 6 per cent notes	10,000,000	100,000	Lee, Higginson & Co., managers.
May, 1912	City of Omaha, Nebr., 4½ per cent	7,500,000	300,000	Kountze Bros., Harris, Forbes & Co., National City Bank, N. Y., R. L. Day & Co., Estabrook & Co., Lee, Higginson & Co.; allotted by Lee, Higginson & Co., syndicate.
June, 1912	United Light & Rys. Co., first and refunding mortgage, 5 per cent	4,300,000	200,000	N. W. Halsey & Co., Russell, Brewster & Co., managers.

Schedule 8.

A list of stock holdings of your bank, or any of its officers or directors, or that are held for the benefit of your bank or any of its officers or directors in banks and trust companies, as of January 1, 1912, and as of November 1, 1912:

	Shares.
Chase National Bank, New York	500
Corn Exchange National Bank, Chicago	500
First National Bank, New York	250
First Security Co., New York	250
Manhattan Trust Co., New York (par value, $30)[1]	200
New York Trust Co., New York	600
State Bank of Chicago	150

Schedule 9.

A separate list of interests acquired by your bank or any of its officers or directors since 1905, in various banks and trust companies:

	Shares.
Chase National Bank, New York	400
First Security Co., New York	250

Schedule 10.

A list of securities of interstate corporations, together with the names of the companies, dates, and amounts of the issues that have been purchased, sold, underwritten, or dealt in by your bank from 1907 to the present time, provided, however, that no issue of less than $5,000,000 in amount need be included in this list.

Date.	Securities.	Purchase.	Total.
1908	Chicago, Burlington & Quincy general 4 per cent	$250,000	$16,000,000
1907	Erie Railroad 4 per cent equipment	78,000	7,000,000
1907	New York Central & Hudson River Railroad 3-year 5 per cent notes	125,000	25,000,000
1907	Michigan Central Railroad 3-year 5 per cent notes	50,000	10,000,000
1908	Lake Shore & Michigan Southern Railway 3-year 5 per cent	75,000	15,000,000
1907	Pennsylvania Railroad 3-year 5 per cent	250,000	60,000,000
1909	Michigan Central Railroad debenture 4 per cent	100,000	10,000,000
1909	New York Central & St. Louis debenture 4 per cent	200,000	10,000,000
1907-10	Western Pacific first 5 per cent	379,000	49,500,000
1909	Int. R. T. Co. 5 per cent notes	100,000	10,000,000
1909	Chicago, Rock Island & Pacific Railroad collateral 4 per cent	1,045,000	.....
1909	Norfolk & Western division first 4 per cent	200,000	.....
1909	Mason City & Fort Dodge Railroad first 4 per cent	500,000	.....
1910	Western Telegraph & Telephone Co. 5 per cent notes	300,000	.....
1910	Nassau Electric Co. consolidated 4 per cent	360,000	.....
1912	Milwaukee, Sparta & North West first 4 per cent	75,000	15,000,000
1909	New York, New Haven & Hartford debenture 4 per cent 1956	197,000	.....
1908	Pennsylvania Railroad 3½ convertible	144,000	.....
1908	Seaboard Air Line Railway collateral 5's, 1911	250,000	.....
1909	Florida East Coast first 4½ per cent	100,000	10,000,000
1910	Southern Bell Telephone & Telegraph Co. first sinking fund 5 per cent	125,000	10,000,000
1907-1910	Wabash Railway first referred and extension 4 per cent	216,000	.....
1907	Western Union Telegraph Co. 4½ per cent	177,000	.....
1909	Boston & Maine Railroad 4½ per cent debenture	500,000	11,700,000
1910	New York Central Lines equipment 4½ per cent	100,000	22,500,000
1909	Chicago, Milwaukee & St. Paul Railway 4 per cent debenture, 1934	100,000	28,000,000
1909	Atchison, Topeka & Santa Fe convertible 4 per cent	500,000	32,000,000
1909	Chicago, Lake Shore & Eastern Railway first 4½ per cent	520,000	9,000,000
1909-1911	Southern Pacific Co. convertible 4 per cent	800,000	82,000,000
1908-1911	Denver & Rio Grande first and referred 5 per cent	650,000	.....
1909	New York Telephone Co. first and general 4½ per cent	210,000	25,000,000
1911	Chicago & North Western Railway general 3½ per cent referred	371,000	.....
1911	Baltimore & Ohio Railroad collateral 4½ per cent notes	100,000	50,000,000
1911	Missouri, Kansas & Texas Railway 2-year 5 per cent notes	250,000	12,850,000
1911	Chicago, Milwaukee & Puget Sound first 4 per cent	100,000	25,000,000
1911	Chicago & Eastern Illinois referred and improved 4 per cent	250,000	.....
1911	Chesapeake & Ohio Railway 4½ per cent secured gold notes	100,000	16,000,000
1911	Southern Railway Co. first consolidated 5 per cent	250,000	.....
1911-1912	Missouri Pacific Railway 3-year 5 per cent notes	300,000	29,806,000
			20,000,000
1911	New York, Westchester & Boston Railway first 4½ per cent	250,000	17,200,000
1912	Cumberland Telephone & Telegraph first and referred 5 per cent	100,000	.....

[1] Sold; others still owned.

Schedule 11.

A list of securities of interstate corporations, together with the names of the companies, dates, and amounts of the issues that have been purchased, sold, underwritten, or dealt in by your bank from 1907 to the present time, provided, however, that no issue of less than $5,000,000 in amount need be included in this list.

Date.	Securities.	Purchase.	Total.
1907-12	South Side Elevated Railroad first 4½ per cent	$1,500,000	$8,000,000
1907-12	Chicago Edison Co. 3-year 5 per cent debenture	500,000	5,000,000
1907-11	United States Steel Corporation	61,000	
1907	Interboro Rapid Transit Co. 3-year 5 per cent notes	200,000	10,000,000
1907-12	Chicago City Railway first 5 per cent	1,500,000	
1908	Northwest Elevated Railroad first-mortgage convertible 4 per cent	300,000	25,000,000
1912	Liggett & Myers Tobacco Co. 5 per cent	100,000	
1912	P. Lorillard Tobacco Co. 5 per cent	100,000	
1912	Asso. Simmons Hardware Co.'s 5-year 5 per cent notes	600,000	5,000,000
1912	California Gas & Electric Corporation unified and refunding 5 per cent 1937	150,000	5,200,000
1907	Chicago & Western Indiana Railway 3-year 5 per cent	500,000	8,000,000
1912	International Harvester Co. 3-year 5 per cent	500,000	20,000,000
1910	General Motors Co. first 6 per cent	150,000	15,000,000
1910	Pacific Telephone & Telegraph first and collateral 5 per cent	70,000	
1909	United States Rubber Co. 6 per cent notes	150,000	9,000,000
1909	Corn Products refunding first 5 per cent 1934	200,000	10,000,000
1909-12	Chicago Railways first 5 per cent	2,250,000	
1909-12	Common Edison Co. first 5 per cent	3,000,000	
1909-12	Chicago City Railway Co. first 5 per cent	2,500,000	
1910	Western Electric Co. first 5 per cent	462,000	5,000,000
1911	do	470,000	6,250,000
3-1910	Kansas City Terminal Railway first 4 per cent	201,000	5,000,000
1910	Peoples Gas Light & Coke Co. refunding 5 per cent	502,000	3,000,000
1911	American Cotton Oil Co. 5 per cent debenture	716,000	5,000,000
1911-12	Chicago Elevated Railways Co. 3-year 5 per cent notes	357,000	30,000,000
1911	Illinois Steel Co. 4½ per cent debenture	472,000	5,000,000
1911	Standard Gas & Electric convertible 6 per cent	500,000	7,500,000
1912	Minneapolis Street Railway & St. Paul City Railway consolidated 5 per cent	300,000	
1911	Packard Motor Car Co. 5 per cent notes	500,000	2,000,000
1912	New Orleans Terminal Co. first 4 per cent	82,000	15,000,000

Schedule 18.

A list of all corporations in which any of your officers or directors are members of a board of directors of which any member of the firms of J. P. Morgan & Co., Kuhn, Loeb & Co., or Speyer & Co. is likewise a member.

First National Bank, New York.
American Telegraph & Telephone Co.
Pullman Co.
Chicago, Rock Island & Pacific Railway Co.
Bankers Trust Co., New York.

EXHIBIT 232, JANUARY 24, 1913.

THE NATIONAL CITY BANK OF NEW YORK,
New York, January 14, 1913.

SAMUEL UNTERMYER, Esq.,
Counsel Committee on Banking and Currency,
House of Representatives,
37 Wall Street, New York.

DEAR SIR: Referring to your letter of December 26, I am sending you herewith the information you desire, taking the question up seriatim in my answers, as you will notice.

No. 1 The capital, surplus, net profits, and dividends of The National City Bank from 1897 to 1912, inclusive, are as follows:

October 31—	Capital.	Surplus and net profits.	Dividends.
1897	$1,000,000	$3,500,000	$150,000
1898	1,000,000	3,750,000	150,000
1899	1,000,000	4,817,243	150,000
1900	10,000,000	5,100,000	600,000
1901	10,000,000	6,400,000	600,000
1902	25,000,000	[1] 15,000,000	1,050,000
1903	25,000,000	16,000,000	2,000,000
1904	25,000,000	16,000,000	2,000,000
1905	25,000,000	17,000,000	2,000,000
1906	25,000,000	20,300,000	2,000,000
1907	25,000,000	23,400,000	2,000,000
1908	25,000,000	25,447,780	2,500,000
1909	25,000,000	28,253,169	2,500,000
1910	25,000,000	30,993,864	2,500,000
1911	25,000,000	[2] 25,521,407	2,500,000
1912	25,000,000	28,181,981	2,500,000

[1] $7,500,000 paid in by stockholders. [2] 40 per cent dividend paid to stockholders.

No. 2. The stockholders of The National City Bank as of January 1, 1912, including only such stockholders as own 500 shares or more, are: J. Ogden Armour, 1,000; Francis M. Bacon, 500; Cleveland H. Dodge, 2,500; J. P. Morgan, jr., 1,000; Stephen S. Palmer, 2,242; James H. Post, 875; M. Taylor Pyne, 8,267; William Rockefeller, 10,000; Jacob H. Schiff, 500; John W. Sterling, 6,087; James Stillman, 47,498; James A. Stillman, 2,500; Henry A. C. Taylor, 2,659; P. A. Valentine, 500; F. A. Vanderlip, 677; Aetna Insurance Co., 500; J. D. Archbold, 500; Wm Waldorf Astor, 1,253; Robert Bacon, 1,000; Rudolph E. Brunnow, 650; Junia K. Dwight, 607; James W. Ellsworth, 600; Charles S. Fairchild, 1,125; Frederic Gallatin, 540; Sarah T. Gardiner, 1,000; estate of W. H. Gelshenen, 650; estate of Benjamin Hart, 1,000; Edward S. Harkness, 1,250; Charles W. Harkness, 1,250; Mary W. Harriman, 1,000; Louisine W. Havemeyer, 1,350; William H. Harriman, 735; Horace F. Howland, 1,000; A. Iselin & Co., 2,165; estate of John Grenville Kane, 1,512; H. M. Kilborn, 600; Kidder, Peabody & Co., 1,000; Mrs. Alice Knight, 500; Frederic E. Lewis, 3,207; Percy P. Lewis, 3,207; W. B. Matteson, 500; J. Pierpont Morgan, 5,000; J. P. Morgan & Co., 9,000; Catherine T. Moulton, 3,207; Mary C. Nelson, 551; Henry Parish, 650; Henry Parish, jr., 560; Edward C. Parish, 630; estate of Wm. Walter Phelps, 2,437; Miss Jane B. Porter, 634; Harriet C. Prevost, 750; F. H. Prince & Co., 1,162; Moses Taylor Pyne and Stephen S. Palmer, trustees for Kate W. Winthrop, 7,699; M. Taylor Pyne and Stephen S. Palmer, trustees for Henry A. C. Taylor, 7,699; Percy R. Pyne, 8,267; John D. Rockefeller, 1,750; estate of H. H. Rogers, 775; Albertina T. Russell, 8,267; Schafer Bros., 833; W. A. Simonson, 625; estate of Samuel Sloan, 6,250; Chas Chauncey Stillman, 1,000; Ernest G. Stillman, 1,100; Mrs. Elizabeth Thompson, 1,000; Mary G. Thompson, 1,600; Charles G. Thompson, 1,700; H. M. Tilford, trustee for Hunt T. Dickinson, 500; George E. Turnure, 600; United States Trust Co. of New York, 4,500; Alfred G. Vanderbilt, 700; Emily A. Watson, 2,225; George Whittell, 2,000; Kate W. Winthrop, 1,924; William Woodward, 1,710; Bessemer Investment Co., 1,000.

No. 3. The assets of The National City Bank January 1, 1912, were as follows:

Bills discounted	$44,648,169.96	Mutilated currency	$125,704.00
Time loans	28,473,643.19	Five per cent fund	235,425.00
Loans on merchandise	233,400.00	Exchanges for clearing house	20,405,969.02
Demand loans	68,241,710.50	Checks and cash items not payable through clearing house	1,019,393.99
United States bonds and premium	9,623,208.60	Cash	44,303,109.88
Bonds, securities, etc	33,435,535.89	Due from banks	20,621,177.03
Clearing House Association	22,900.00		
Banking house and lot	5,000,000.00		

No. 3. The bonds and securities were held as follows:
Armour & Co. real estate four-and-a-halfs, $176,000.
Burbank Power & Water Co. first sixes, $163,500.
Brinson Railway of Georgia fives, $126,000.
Booth Fisheries Co. sixes, $3,066,000.
Baltimore & Ohio four-and-a-halfs, $47,000.
Chesapeake & Ohio general funding and improvement fives, $11,000.
Chesapeake & Potomac Telephone Co. first fives, $14,000.
Chesapeake & Ohio Railway general four-and-a-halfs, $40,000.

Chicago, Burlington & Quincy, Illinois Division, three-and-a-halfs, $364,000.
Chicago, Burlington & Quincy, Illinois Division, fours, $2,000.
Chicago City & Connecting Railway collateral trust fives, $347,000.
Chicago City Railway syndicate 6 per cent, $950,000.
Chicago, Milwaukee & Puget Sound first fours, $58,000.
Chicago & North Western general three-and-a-halfs, $275,000.
Chesapeake & Ohio Railway four-and-a-halfs, $1,511,000.
Brazil Railway Co., payment, $66,292.
Chicago & North Western general fours, $1,272,000.
Chicago, Terre Haute & Southeastern Railway Co. (income); 540 shares Chicago, Terre Haute & Southeastern Railway Co. (common), $94,500.
Consolidated Coal first and refund fives, $225,000.
Consolidated Gas of New York fives, $4,400,000.
Clinchfield Syndicate (5 per cent) participation full paid, $250,000.
Cumberland Corporation fives, $883,000.
Cumberland Corporation fives, $355,000.
Atchison, Topeka & Santa Fe convertible fours, $1,355,000.
Chicago Elevated fives, $4,175,000.
American Tobacco fours, $221,000.
Distillers Security Corporation fives, $1,627,000.
Detroit Terminal & Tunnel four-and-a-halfs, $481,000.
Erie Railroad fives, October, $308,000.
Atchison, Topeka & Santa Fe general fours, $1,000.
Cleveland, Cincinnati, Chicago & St. Louis general fours, $271,000.
Baltimore & Ohio Railway Co. four-and-a-halfs, $150,000.
Bolivia Railway first fives, $511,500.
General Rubber four-and-a-halfs, $247,000.
Fairmount & Clarksburg Traction fives, $231,000.
Hampshire South Railroad first fives, participation 30 per cent paid, $25,000.
Hampshire South Railroad first fives, $9,000.
American Tobacco fours, C/D, $140,000.
Illinois Central referred fours, $186,000.
Florida East Coast Line four-and-a-halfs, $628,000.
Kansas City Southern fives, $10,000.
Lehigh & Wilkesbarre Coal Co. fours (various issues), $1,057,000.
Lackawanna Steel convertible fives, $240,000.
Minneapolis & St. Louis sixes, $175,000.
Minneapolis & St. Louis fives, $12,000.
Missouri, Kansas & Texas fives, $2,000.
Metropolitan Street Railway Consolidated fives, $350,000.
National Enamel & Stamp first fives, $208,000.
Northern Westchester Lightering first fives, $47,000.
New York Western & Boston four-and-a-halfs, $45,000.
Old Dominion Development Co. sixes, $150,000.
Oregon, Washington Railroad & Navigation first fours, $333,000.
Oregon Railroad and Navigation fours, $99,000.
City of Pittsburgh four-and-a-fourths, $20,000.
Potomac Electric Power Co. fives, $54,000.
Proctor & Gamble, of Cincinnati, fives, $85,000.
Piedmont Syndicate $800,000 participation 40 per cent paid, $220,000.
Rep. Iron & Steel fives, $250,000.
Chicago, Rock Island & Pacific general fours, $137,000.
Consolidated Gas Electric Light & Power, of Baltimore, four-and-a-halfs, $100,000.
Kansas City, Fort Scott & Memphis referred fours, $413,000.
St. Louis & San Francisco Railroad, New Orleans, Texas & Mexico fives, $250,000.
St. Louis & San Francisco Railroad, New Orleans, Texas & Mexico fives, $100,000.
Association Simmons Hardware fives, $215,000.
Pacific Light & Power referred fives, $250,000.
Seaboard Air Line Railway fours, $44,000.
South Pacific first fours, $143,000.
Illinois Central Railroad Co., Louisville Division, three and one-halfs, $45,000.
Seaboard Air Line first fours, $51,000.
Chicago, Milwaukee & Puget Sound first fours, $97,000.
South Pacific San Francisco Terminal first fours, $335,800.
Southern Railway first fives, $458,000.
State of California fives—"Fire Protection," $99,000.
State of California fives—"Hall of Justice," $86,000.

State of California fives—"Hospital," $19,000.
State of California fives—"School," $49,000.
State of California fives—"Sewer," $12,000.
Southern Railway Development and General fours, $128,000.
Tidewater sixes, $50,000.
Union Bag & Paper fives—"Stamped," $75,000.
Union Bag & Paper fives—"Unstamped," $185,000.
Union Pacific first and reference fours, $20,000.
United Railway Investment Co. first fives, $190,000.
United States Realty & Improvement fives, $115,000.
Virginia Railway & Power first and reference fives, $617,000.
Washington Railway Electric fours, $150,000.
Washington Gas Light Co. fives, $145,000.
Westchester Lighterage Co. fives, $125,000.
Westchester Lighterage Co. fives, $35,000.
Wabash Pittsburgh Terminal first fours, $290,000.
New York State Highways and Improvement fours, $196,000.
New York City four and one-fourths, $112,000.
New York City four and one-fourths, $384,000.
Hocking Valley Railway Co. four and one-halfs, $167,000.
New York City three and one-halfs, $8,000.
New York City three and one-halfs, $60,000.
Southern Pacific first fours, $115,000.
Seaboard Air Line Adj. fives, $250,000.
New York City three and one-halfs, $104,000.
New York City four and one-fourths, $10,000.
New York City threes, $330.
New York City threes, $500.
United States Steel sinking fund fives, $252,000.
Toledo Railway & Light first mortgage extension sixes, $250,000.
New York City fours, $43,000.
The investments of the National City Co. January 1, 1912, were as follows:
State of San Paulo, Brazil Treasury bills, $2,000,000.
Republic of Costa Rica 6 per cent, $1,199,000.
Utility Realty Co. 6 per cent notes, $600,000.
Chicago Elevated Railway coll. tr. 5 per cent notes $500,000.
Chicago, Milwaukee & Puget Sound Railway Co. first 4 per cents $500,000.
Detroit Terminal & Tunnel first 4½ per cents $500,000.
Florida East Coast Line Co. first four and one-halfs $500,000.
Hocking Valley Railway Co. 2-year 4½ per cent notes $500,000.
Kansas City Southern Railway Refg. & Imp. 5 per cents, $500,000.
Chesapeake & Ohio Railway Co. general funding and improvement 5 per cents, $425,000.
Westchester Lighting Co. 5 per cent collateral trust notes, $400,000.
Minneapolis & St. Louis Railroad 6 per cent notes, $350,000.
Southern Power Co. 5 per cent notes, $300,000.
National railways of Mexico 4½ per cent notes, $250,000.
United States Realty & Improvement Co. 5 per cent, $250,000.
Federal Light & Traction 6 per cent collateral trust notes, $200,000.
Chesapeake & Ohio Railway Co. 4½ per cent secured gold notes, $187,000.
Fairmount & Clarksburg Traction Co. 1st 5 per cent, $100,000.
Virginia Air Line Co. 1st 5 per cent, $100,000.
Erie Railroad 3-year 5 per cent notes, $94,000.
Central Mexico Light & Power 1st 6 per cent, $62,000.
Philippine Railway Co. 1st 4 per cent, $25,000.
Banque Nat'l de la Republique d'Haiti Stock Synd., 2,000 shares.
Banco de la Habana, 1,667 shares.
Allied Machinery Co. of America 6 per cent noncumulative preferred, 500 shares.
Alliance Realty Co., 100 shares.
Central Hudson Steamboat Co. preferred, 120 shares.
Central Hudson Steamboat Co. common, 60 shares.
Kansas City Clay Co. & St. Joseph Railway Co. Syndicate, $579,442.
Peruvian Government 5½ per cent loan, $124,321.
Chinese Government—Manchurian development, $72,998.
Brazil Railway Co., $69,789.
Chicago Elevated Railway Preferred Stock Syndicate 6 per cent, $552,900.
Haiti Syndicate 50 per cent paid, $122,500.

No. 4. The following is an extract from the minutes of a meeting of the board of directors of the National City Bank, held on June 27, 1911, with a copy of the resolutions as to organization of the National City Company and the agreement relating thereto:

The president stated that the plan proposed by the officers of the bank and informally approved by its board of directors, for the formation of an investing company, in which only the stockholders of the bank may acquire a beneficial interest, ratably according to their holdings of the stock of the bank, had been approved by more than two-thirds in amount of the stockholders of the bank as evidenced by their signatures to an agreement dated June 1, 1911, between the bank, party of the first part, James Stillman, Frank A. Vanderlip, and Stephen S. Palmer, as trustees, parties of the second part, and Henry A. C. Taylor and other shareholders of the bank, parties of the third part. This agreement which had been executed on behalf of the bank by Mr. Simonson, as its vice president, was then presented to the meeting and a copy thereof was filed with the cashier.

Thereupon, on motion duly seconded, it was unanimously

Resolved, That the execution of the said agreement on behalf of the bank be, and the same is hereby approved, ratified, and confirmed.

The president stated that the trustees named in the said agreement had recommended to the board that a special dividend of forty per cent (40%) be declared and paid to the shareholders of the bank out of its surplus profits to facilitate them in acquiring a beneficial interest in the investing company to be organized as provided in article first, of the said agreement. The matter was then considered, and thereupon, on motion, duly seconded, it was unanimously

Resolved,

I. That a cash dividend of 40 per cent upon the capital stock of the bank be, and the same is hereby, declared payable July 10, 1911, out of the surplus profits of the bank to its shareholders of record at the close of business on July 5, 1911.

II. That the transfer books of the bank be closed from July 5, 1911, at 3 o'clock p. m., to July 11, 1911, at 10 o'clock a. m.

III. That the officers of the bank be, and they hereby are, authorized and directed to take such further action on behalf of the bank as they may deem to be necessary or desirable to effectually carry out the purpose and intent of the said agreement.

The following is a copy of agreement referred to above:

Agreement, made the 1st day of June, 1911, between the National City Bank of New York (hereinafter called "the Bank"), party of the first part, James Stillman, Frank A. Vanderlip, and Stephen S. Palmer (hereinafter called "the Trustees"), parties of the second part, and Henry A. C. Taylor, Cleveland H. Dodge, William Rockefeller, Moses Taylor Pyne, J. Pierpont Morgan, and other subscribers hereto who are shareholders of the said bank (hereinafter called "the Subscribers"), parties of the third part:

Whereas opportunities and facilities for making desirable investments, other than those which are possible in the ordinary course of the banking business, are from time to time presented to the officers of the Bank, which they desire to make available to the shareholders of the Bank; now, therefore, in consideration of the premises and of $1 by each party to each of the others in hand paid, the receipt whereof is hereby acknowledged, and of the mutual covenants and agreements herein contained, the parties hereto hereby agree as follows, each of the parties of the third part for himself, and not one for the other or others:

FIRST.—*Organization of investing company.*

A business corporation shall be organized by the Trustees under the laws of New York, with an authorized capital stock of $10,000,000, divided into 100,000 shares of $100 each, with the title of "United States Investing Co." or such other title as the Trustees may select, and with such powers as to the Trustees may seem advisable. The said company is hereinafter referred to as the "investing company."

SECOND.—*Rights to beneficial interest.*

Each shareholder of the Bank shall have the right to a beneficial interest, through the Trustees, in the capital stock of the investing company, at par, to the extent of two-fifths of the par value of the capital stock of the Bank owned by him and registered in his name at the date of closing the transfer books for the special dividend hereinafter mentioned, provided he shall exercise such right by executing this agreement, or by having his certificate of stock stamped in the manner hereinafter specified, on or before July 15, 1911. After that date the Trustees may, in their discretion, and

upon such terms as to price or otherwise as they may prescribe, permit the holders of stock of the Bank, in respect to which such right may not have been exercised, to acquire a beneficial interest in the capital stock of the investing company, at par, to the extent of two-fifths of the par value of such capital stock of the Bank owned by them, respectively.

THIRD.—*Special dividend.*

In order to facilitate participation by the shareholders of the Bank in the privilege specified in the foregoing second article, the Trustees will recommend to the board of directors of the Bank that a special dividend be declared and paid to its shareholders equal to the par value of the capital stock of the investing company. The subscribers agree that, if such dividend is declared and paid, they will, respectively, forthwith apply the same to the payment of an equivalent amount, par value, of the capital stock of the investing company.

FOURTH.—*Assignment of special dividend.*

In order to enable the Trustees to organize the investigating company and subscribe its capital stock as aforesaid, the Subscribers hereby assign and transfer to the Trustees all their right, title, and interest in and to the said special dividend; and they hereby, respectively, empower and direct the Bank to pay to the Trustees, for their account, respectively, the amount of such dividend, which the Trustees shall forthwith apply to the payment of the capital stock of the investing company, to the beneficial interest in which the Subscribers, respectively, may become entitled hereunder.

FIFTH.—*Issue of stock of the investing company.*

All of the capital stock of the investing company, paid for on behalf of the Subscribers as aforesaid, shall be issued to and held by the Trustees and their successors in interest, according to their respective interests; but the said beneficial interests of the Subscribers therein shall not be transferable separately, but only by the transfer of the shares of stock of the Bank held by them, respectively; and every sale or transfer of stock of the Bank by a Subscriber or his successor shall include the beneficial interest of such Subscriber or his successor in the capital stock of the investing company, attaching to the shares of the Bank so sold or transferred.

SIXTH.—*Indorsement of certificates.*

I. As soon as the said special dividend has been declared by the Bank and the Subscribers have been notified by the Trustees of the organization of the investing company, they shall present to the Trustees, at the office of the Bank, number 55 Wall Street, New York, the certificates of stock of the Bank held by them, respectively, for the purpose of having stamped thereon the following indorsement:

"The registered holder of the share or shares of stock, represented by the within certificate, is entitled to the beneficial interest, to the extent of two-fifths of the par value of the share or shares represented by the said certificate, in the capital stock at par, of the United States Investing Co., a New York corporation, under the terms of a certain agreement, dated June 1, 1911, between The National City Bank of New York, party of the first part, James Stillman and others, as trustees, parties of the second part, and Henry A. C. Taylor and others, as shareholders of the said bank parties of the third part."

II. There shall be stamped upon the certificates of stock, issued by the investing company to the trustees, the following indorsement:

"The share or shares of stock, represented by this certificate, are held by the Trustees therein named and their successors, in trust, for the benefit of the shareholders of The National City Bank of New York, according to the terms of a certain agreement, dated June 1, 1911, between The National City Bank of New York, party of the first part, James Stillman and others, as Trustees, parties of the second part, and Henry A. C. Taylor and others, as shareholders of the said Bank, parties of the third part."

SEVENTH.—*Dividends.*

All dividends upon the capital stock of the investing company and all distributions of the capital thereof shall be paid by the Trustees of those shareholders of the Bank, whose certificates shall be stamped as afore said, according to their respective interests. Such payments may be made by the Trustees to the said shareholders directly

or to the Bank for their account, and the Bank in such case shall thereupon distribute such dividends among those entitled to receive the same. Payment by the Trustees to the Bank shall relieve the Trustees from all further liability with respect thereto.

EIGHTH.—*Directors.*

The Trustees and such other persons as they may designate, who shall be officers or directors of the Bank, shall constitute the first board of directors of the investing company. No one shall be a director of the investing company who is not also a Trustee hereunder or an officer or a director of the Bank. If any director of the investing company shall at any time cease to be an officer or director of the Bank, he shall thereupon also cease to be a director of the investing company, and his place shall be filled by the remaining directors, with some one who is an officer or a director of the Bank.

NINTH.—*The Trustees.*

The number of Trustees hereunder shall not be less than three. Any Trustee may at any time resign. In case of any vacancy in the number of the Trustees, it shall be filled by the remaining Trustees by the selection of some one who is an officer or director of the Bank; and any Trustee who shall cease to be an officer or a director of the Bank shall thereupon also cease to be a Trustee hereunder, it being intended that only officers or directors of the Bank shall act as Trustees.

No Trustee shall be liable for the act of any other Trustee, but shall be liable only for his own wilful misconduct.

The Trustees may act by a majority, either at a meeting or by writing with or without a meeting, and they may vote in person or by proxy.

TENTH.—*Modification and termination of agreement.*

This agreement may at any time be amended, modified, or terminated, with the written consent of the Trustees and of two-thirds in interest of those for whom the capital stock of the investing company is then held by the Trustees.

ELEVENTH.—*Expenses.*

The charges, costs, and expenses connected with the organization of the investing company shall be paid by the investing company; it shall also indemnify and hold harmless the Trustees from all personal liability hereunder, except for their own wilful misconduct, as aforesaid.

TWELFTH.—*Duplicate copies.*

All copies of this agreement, executed by persons entitled to do so, shall have the like effect as if their signatures were subscribed to the original, and the stamping of the certificates of stock of the Bank held by the subscribers in the manner specified in the sixth article hereof shall have the same force and effect as if they had executed this agreement.

THIRTEENTH.—*When agreement becomes effective.*

This agreement shall not become binding until it shall have been signed by subscribers holding two-thirds in amount of the capital stock of the Bank.

In witness whereof, the National City Bank of New York has caused this instrument to be executed by one of its vice presidents, and the parties of the second and third parts have hereunto set their hands the day and year first above written.

NATIONAL CITY BANK OF NEW YORK,

By ——— ———,
Vice President.

——— ———,

——— ———,
Trustees.

NATIONAL CITY BANK OF NEW YORK,
New York, January 14, 1913.

SAMUEL UNTERMYER, Esq.,
Counsel Committee on Banking and Currency,
House of Representatives,
No. 37 Wall Street, New York City.

DEAR MR. UNTERMYER: I am sending you herewith the rest of the letter, part of which was sent to you this morning. You will notice that under number 5 the names of the persons with whom such transactions were had have been omitted. This omission was made for the reason that the question as to the propriety of our revealing the private business of our associates has not yet been morally nor legally determined, and until this has been done, I do not think I ought to include such information in a formal answer to your inquiry.

Very truly, yours,

F. MANDERLY, *President.*

No. 5. The following is a list of the syndicate and joint accounts for the purchase and sale of securities with which this bank has been connected or identified for the past five years, which is as far back as our records run. There are no copies of circulars or advertisements available.

January 10, 1908. Spring Valley Water Co. general fours. Total amount of securities involved, $14,500,000. Bank's participation, $300,000.

January 27, 1908. Western Union Telegraph Co. convertible fours, 1936. Total amount of securities involved, $91,000. Bank's proportion, $61,000.

March 11, 1908. Consolidated Gas Co. of New York 6 per cent collateral trust notes, 1908–9. Total amount of securities involved, $10,000,000. Bank's participation, $3,105,000.

March 30, 1908. Chicago Railways 5 per cent bonds, 1927. Total amount of securities involved, $5,000,000. Bank's participation, $350,000. The bank had an interest in the original promotion and underwriting, and was a syndicate manager.

May 5, 1908. Interborough Rapid Transit three-year 6 per cent convertible notes. Total amount of securities involved, $25,000,000. Bank's participation, $490,000.

June 30, 1908. New York City four-and-one-halfs, November, 1957. Total amount of securities involved, $5,200,000. Bank's participation, $1,000,000.

July 7, 1908. New York, Chicago & St. Louis debenture fours, 1931. Total amount of securities involved, $2,000,000. Bank's proportion, $910,000.

June 8, 1908. Chicago, Rock Island & Pacific refunding fours, 1934. Total amount of securities involved, $9,000,000. Bank's participation, $875,000.

August 18, 1908. Metropolitan Street Railway Co. (Kansas City, Mo.) consolidated mortgage fives, 1910. Total amount of securities involved, $1,200,000. Bank's proportion, $500,000.

September 30, 1908. Chicago, Rock Island & Pacific first and refunding fours, 1934. Total amount of securities involved, $1,850,000. Bank's proportion, $250,000.

June 30, 1908. Chicago Railways 5 per cent bonds, 1927. Total amount of securities involved, $3,000,000. Bank's participation, $350,000. The bank had an interest in the original promotion and underwriting, and was a syndicate manager.

June 1, 1908. American Telegraph & Telephone convertible fours, 1936. Total amount of securities involved, $100,000,000. Bank's participation, $100,000.

September 16, 1908. Chicago, Burlington & Quincy general mortgage fours, 1958. Total amount of securities involved, $427,000. Bank's proportion, $142,333.

November 6, 1908. Delaware & Hudson first refunding fours, 1943. Total amount of securities involved, $1,227,000. Bank's proportion, $409,000.

August 24, 1908. Central Pacific first and refunding fours, 1949. Total amount of securities involved, $18,000,000. Bank's participation, $500,000. The bank had an interest in the original promotion and underwriting, but was not a syndicate manager. Offered for sale in conjunction with others.

September 10, 1908. New York Central & Hudson River debenture fours, 1934. Total amount of securities involved, $13,000,000. Bank's participation, $1,150,000. The bank had an interest in the original promotion and underwriting, but was not a syndicate manager. The securities were offered for sale in conjunction with others.

September 10, 1908. Union Pacific first and refunding fours, 2008. Total amount of securities involved, $50,000,000. Bank's participation, $1,750,000.

September 11, 1908. Chicago Railways collateral trust sixes, 1913. Total amount of securities involved, $250,000. Bank's participation, $70,000.

October 28, 1908. American Agricultural Chemical fives. Total amount of securities involved, $8,000,000. Bank's participation, $125,000.

October 21, 1908. New York, New Haven & Hartford debenture fours, European loan. Total amount of securities involved, $28,000,000. Bank's participation, in First European Syndicate, $2,625,000. Bank's participation in Second European Syndicate, $92,160. Bank's participation in Third European Syndicate, $1,556,126. The bank had an interest in the original promotion and underwriting, but was not a syndicate manager.

October 26, 1908. Southern Pacific refunding fours, 1955. Total amount of securities involved, $14,300,000. Bank's participation, $135,000. The bank had an interest in the original promotion and underwriting, but was not a syndicate manager. The securities were offered for sale in conjunction with others.

September 10, 1908. Atchison, Topeka & Santa Fe Railway Co. Transcontinental Short Line fours. Total amount of securities involved, $17,000,000. Bank's participation, $795,000. The bank had an interest in the original promotion and underwriting, but was not a syndicate manager.

November 25, 1908. Philippine Railways fours, 1937. Total amount of securities involved, $1,000,000. Bank's participation, $175,000.

December 12, 1908. Chicago, Rock Island & Pacific refunding fours, 1934. Total amount of securities involved, $9,000,000. Bank's participation, $300,000.

January 1, 1909, Southern Railways convertible 6 per cent notes, 1911. Total amount of securities involved, $15,000,000. Bank's participation, $500,000.

January 15, 1909. Porto Rican fours, 1914–33. Total amount of securities involved, $414,000. Bank's participation, $64,000.

July 22, 1909. Southern Pacific Railroad first and refunding fours, 1955. Total amount of securities involved, $2,750,000. Bank's proportion, $930,000.

January 18, 1909. Atchison, Topeka & Santa Fe Railway Co. Transcontinental Short Line fours. Total amount of securities involved, $3,117,000. Bank's participation, $355,000.

January 19, 1909. American Telegraph & Telephone Co. convertible fours, 1936. Total amount of securities involved, $50,000,000. Bank's participation, $100,000.

January 29, 1909. Norfolk & Western Railway Co. divisional first lien and general mortgage fours. Total amount of securities involved, $10,000,000. Bank's participation, $200,000.

January 30, 1909. Chicago & Northwestern general and divisional three-and-one-halfs and sundry bonds. Total amount of securities involved, $2,000,000. Bank's participation, $150,000.

February 4, 1909. New York, Chicago & St. Louis debenture fours, 1931. Total amount of securities involved, $2,000,000. Bank's participation, $333,333.

February 15, 1909. St. Louis & San Francisco Railroad 5 per cent notes, 1911. Total amount of securities involved, $7,500,000. Bank's participation, $200,000.

March 12, 1909. Mexican Irrigation four and one-halfs. Total amount of securities involved, $25,000,000. Bank's participation, $442,500. The bank had an interest in the original promotion and underwriting, but was not a syndicate manager. The securities were offered for sale in conjunction with others.

March 18, 1909. Chicago Railways 5 per cent bonds, 1927. Total amount of securities involved, $6,000,000. Bank's participation, $420,000. The bank had an interest in the original promotion and underwriting, but was not a syndicate manager. The securities were offered for sale in conjunction with others.

January 30, 1909. Cumberland Corporation 5 per cent notes 1912. Total amount of securities involved, $15,000,000. Bank's participation, $500,000.

March 9, 1909. State of San Paulo 5 per cent Treasury Loan, 1908. Total amount of securities involved, £2,000,000. Bank's participation, £297,750. The bank had an interest in the original promotion and underwriting and was a syndicate manager The securities were offered for sale in conjunction with others.

January 2, 1908. Chicago City Railway Syndicate. Total amount of securities involved, $33,943,800. Bank's participation, $2,000,000.

April 1, 1909. Pacific Telephone & Telegraph collateral trust fives, 1937. Total amount of securities involved, $10,000,000. Bank's participation, $711,111. The bank had an interest in the original promotion and underwriting, but was not a syndicate manager. The securities were offered for sale in conjunction with others.

April 5, 1909. Atlantic Coast Line, Louisville & Nashville collateral trust fours, 1952. Total amount of securities involved, $891,000. Bank's proportion, $445,500.

April 6, 1909. State of San Paulo 5 per cent treasury loan of 1908. Total amount of securities involved, £110,240. Bank's proportion, £55,120.

April 20, 1909. Atlantic Coast Line first consolidated mortgage fours, 1952. Total amount of securities involved, $4,500,000. Bank's participation, $415,000.

April 23, 1909. Pacific Telephone and Telegraph first mortgage and collateral trust fives, 1937. Total amount of securities involved, $10,000,000. Bank's participation, $250,000.

April 30, 1909. Southern Pacific convertible fours, 1929. Total amount of securities involved, $44,500,000. Bank's participation, $735,000. The bank had an interest in the original promotion and underwriting, but was not a syndicate manager.

May 3, 1909. New York, Chicago & St. Louis fours, 1931. Total amount of securities involved, $1,942,000. Bank's participation, $323,666.

May 4, 1909. Southern Pacific first and refunding fours, 1955. Total amount of securities involved, $10,000,000. Bank's participation, $1,000,000.

May 4, 1909. Southern Railway debenture and general fours, 1956. Total amount of securities involved, $21,333,000. Bank's participation, $1,125,000. The bank had an interest in the original promotion and underwriting, but was not a syndicate manager. The securities were offered for sale in conjunction with others.

March 16, 1909. Southern Pacific R. R. Co. first refunding fours, 1955. Total amount of securities involved, $5,000,000. Bank's proportion, $1,760,000.

May 10, 1909. State of San Paulo 5 per cent treasury loan of 1908. Total amount of securities involved, £48,800. Bank's proportion, £24,400.

May 13, 1909. New York City registered three-and-a-halfs, various issues. Total amount of securities involved, $851,000. Bank's proportion, $425,500.

May 13, 1909. New York highway improvement fours, 1958. Total amount of securities involved, $2,566,000. Bank's proportion, $1,083,000.

May 14, 1909. Union Bag & Paper first mortgage fives, 1930. Total amount of securities involved, $800,000. Bank's proportion, $290,000.

May 17, 1909. California Gas & Electric Corporation unifying and refunding fives, 1937. Total amount of securities involved, $5,000,000. Bank's participation, $735,000. The bank had an interest in the original promotion and underwriting and was a syndicate manager. The securities offered for sale in conjunction with otherrs.

July 8, 1909. California Gas & Electric Corporation unifying and refunding fives, 1937. Total amount of securities involved, $341,000. Bank's proportion, $170,000.

May 17, 1909. California Gas & Electric Corporation unifying and refunding fives, 1937. Total amount of securities involved $500,000. Bank's proportion, $250,000.

June 9, 1909. Cudahy Packing Co. first fives, 1924. Total amount of securities involved, $4,000,000. Bank's participation, $150,000.

June 25, 1909. Armour & Co. real estate first four-and-a-halfs, 1939. Total amount of securities involved, $30,000,000. Bank's participation, $1,885,000. The bank had an interest in the original promotion and underwriting and was a syndicate manager. The securities were offered for sale in conjunction with others.

July 1, 1909. Consolidated Gas & Electric Power four-and-a-halfs, Baltimore, 1935. Total amount of securities involved, $2,500,000. Bank's participation, $400,000.

July 1, 1909. Southern Pacific first and refunding fours, 1955. Total amount of securities involved, $1,658,000. Bank's participation, $150,000.

July 2, 1909. Kansas City Southern Railway refunding and improvement fives, 1950. Total amount of securities involved, $3,698,000. Bank's proportion, $1,261,000.

July 6, 1909. California Gas & Electric Corporation unifying refunding fives, 1937. Total amount of securities involved, $269,000. Bank's proportion, $89,666.

December 16, 1909. Chicago, Milwaukee & St. Paul debenture fours, 1934. Total amount of securities involved, $28,000,000. Bank's proportion, $4,350,000.

July 8, 1909. Kansas City Southern Railway refunding and improvement fives, 1950. Total amount of securities involved, $10,000,000. Bank's participation, $580,000. The bank had an interest in the original promotion and underwriting but was not a syndicate manager.

January 27, 1909. Chicago & Alton R. R. Co. refunding mortgage 3 per cent bonds. Total amount of securities involved, $4,000,000. Bank's participation, $250,000.

July 13, 1909. Argentine Republic 5 per cent internal gold loan, 1909. Total amount of securities involved, £10,000,000. Bank's participation, £190,000. The bank had an interest in the original promotion and underwriting but was not a syndicate manager. The securities were offered for sale in conjunction with others.

July 16, 1909. National Enameling and Stamping Co. refunding first mortgage R. E. S. F. fives, 1929. Total amount of securities involved, $832,000. Bank's proportion, $208,000.

July 22, 1909. National Enameling & Stamping Co. refunding first mortgage R. E. S. F. fives, 1929. Total amount of securities involved, $3,500,000. Bank's participation, $150,000.

July 22, 1909. Chicago Railways fives, 1927. Total amount of securities involved, $5,000,000. Bank's participation, $350,000. The bank had an interest in the original promotion and underwriting and was a syndicate manager.

July 23, 1909. Union Bag & Paper Co. first mortgage fives, 1930. Total amount of securities involved, $278,000. Bank's proportion, $139,000.

July 26, 1909. Morris & Co. first mortgage sinking fund four-and-a-halfs, 1939. Total amount of securities involved, $10,000,000. Bank's participation, $240,000.

July 28, 1909. Atchison, Topeka & Santa Fe convertible fours. Total amount of securities involved, $28,250,000. Bank's participation, $6,139,500. The bank had an interest in the original promotion and underwriting, but was not a syndicate manager.

July 29, 1909. Louisville & Nashville, Paducah & Memphis division, fours. Total amount of securities involved, $4,000,000. Bank's participation, $600,000. The bank had an interest in the original promotion and underwriting, but was not a syndicate manager.

July 30, 1909. Interborough Rapid Transit fives, 1952. Series "A." Total amount of securities involved, $50,000,000. Bank's participation, $1,425,000. The bank had an interest in the original promotion and underwriting, but was not a syndicate manager.

August 6, 1909. Cleveland Railway Co. 5 per cent notes, 1912. Total amount of securities involved, $2,125,000. Bank's participation, $440,000.

August 16, 1909. Union Utilities Co. of West Virginia first mortgage and deed of trust, 6s, due 1944. Total amount of securities involved, $572,000. Bank's participation, $286,000.

August 20, 1909. Consolidated Gas Co. of New York 4 per cent collateral trust notes, 1910. Total amount of securities involved, $5,000,000. Bank's proportion, $2,500,000.

October 8, 1909. Central Railroad of Haiti sixes. Total amount of securities involved, $400,000. Bank's participation, $400,000.

October 13, 1909. Chicago, Rock Island & Pacific Railway equipment trust four-and-a-halfs. Total amount of securities involved, $5,300,000. Bank's participation, $1,550,000.

October 26, 1909. St. Louis & San Francisco general lien fives, 1927. Total amount of securities involved, $18,000,000. Bank's participation, $500,000.

December 15, 1909. International Steam Pump first mortgage fives, 1930. Total amount of securities involved, $8,500,000. Bank's participation, $375,000.

December 24, 1909. New York Telephone first four-and-a-halfs. Total amount of securities involved, $25,000,000. Bank's participation, $500,000.

December 29, 1909. Chicago, Rock Island & Pacific Railway equipment trust notes, 1911-18. Total amount of securities involved, $2,650,000. Bank's participation, $491,000.

November 30, 1910. Chattanooga Station Co. first fours, 1957. Total amount of securities involved, $150,000. Bank's proportion, $50,000.

January 20, 1910. New York City bonds, various issues. Total amount of securities involved, $16,025,750. Bank's participation, $6,619,331. The bank was a syndicate manager.

July 1, 1910. Chicago, Great Western first fours, 1959. Total amount of securities involved, $6,000,000. Bank's participation, $400,000.

February 25, 1910. Chicago Railways fives, 1927. Total amount of securities involved, $5,387,000. Bank's participation, $377,000. The bank had an interest in the original promotion and underwriting and was a syndicate manager. The securities were offered for sale in conjunction with others.

February 21, 1910. Louisville & Nashville unified fours, 1940. Total amount of securities involved, $7,100,000. Bank's participation, $1,775,000.

March 1, 1910. Southern Railway development and general fours, 1956, series A. Total amount of securities involved, $14,995,000. Bank's participation, $1,283,000. The bank had an interest in the original promotion and underwriting but was not a syndicate manager.

March 16, 1910. Missouri, Pacific convertible first and refunding fives. Total amount of securities involved, $29,806,000. Bank's participation, $250,000.

March 18, 1910. Public Service Corporation New Jersey general sinking fund fives, 1959. Total amount of securities involved, $8,000,000. Bank's participation, $500,000. The bank had an interest in the original promotion and underwriting but was not a syndicate manager.

March 26, 1910. Cleveland Railway Co. fives, 1912. Total amount of securities involved, $1,023,000. Bank's participation, $200,000.

March 29, 1910. St. Louis & San Francisco general lien fives, 1927. Total amount of securities involved, $12,000,000. Bank's participation, $271,000.

May 2, 1910. New York State highways fours, March, 1960. Total amount of securities involved, $640,000. Bank's proportion, $320,000.

September 22, 1910. Chicago, Milwaukee & St. Paul Railway fours, 1934. Total amount of securities involved, $2,145,000. Bank's proportion, $1,072,000.

June 15, 1910. Baldwin Locomotive Works first fives. Total amount of securities involved, $10,000,000. Bank's participation, $200,000.

June 30, 1910. Florida East Coast Line four-and-a-halfs, 1959. Total amount of securities involved, $9,825,000. Bank's participation, $325,000. The bank had an interest in the original promotion and underwriting, but was not a syndicate manager. The securities were offered for sale in conjunction with others.

July 8, 1910. New York Telephone Co. four-and-a-halfs. Total amount of securities involved, $10,000,000. Bank's participation, $500,000.

August 8, 1910. New York State Canal Improvement fours, March, 1960. Total amount of securities involved, $2,000,000. Bank's proportion, $1,000,000.

August 3, 1910. Chicago, Milwaukee & St. Paul debenture fours, European loan. Total amount of securities involved, 250,000,000 francs. Bank's participation, 5,000,000 francs. The bank had an interest in the original promotion and underwriting, but was not syndicate manager.

August 18, 1910. Sierra & San Francisco Power first fives. Total amount of securities involved, $6,500,000. Bank's participation, $385,000.

October 10, 1910. Chesapeake & Ohio Railway general four-and-a-halfs, 1992. Total amount of securities involved, $1,591,000. Bank's proportion, $530,333.

March 31, 1910. Southern Power first fives, 1930. Total amount of securities involved, $3,000,000. Bank's proportion, $450,000. The securities were offered for sale in conjunction with others.

September 7, 1910. Chicago Great Western Reorganization Syndicate. Total amount of securities involved, $24,892,274. Bank's participation, $715,000.

September 14, 1910. Hocking Valley first convertible four-and-a-halfs, 1999. Total amount of securities involved, $1,584,000. Bank's participation, $528,000.

November 1, 1910. Chicago, Milwaukee & St. Paul general mortgage fours, series "A" 1989. Total amount of securities involved, $2,070,000. Bank's proportion, $1,035,000.

September 28, 1910. Metropolitan Street Railway Kansas City consolidated fives, 1913. Kansas City Railway & Light Co. first lien and refunding fives, 1913, and Kansas City Railway & Light Co. collateral trust sixes, 1912. Total amount of securities involved, $8,218,000. Bank's participation, $500,000.

November 10, 1910. United States of Mexico external fours. Total amount of securities involved, £11,100,000. Bank's participation, £189,500.

January 3, 1910. Chicago Railways consolidated fours-fives, series "B." Total amount of securities involved, $230,000. Bank's participation, $115,000.

February 11, 1910. State of Connecticut three-and-one-halfs, 1934. Total amount of securities involved, $835,000. Bank's participation, $209,000.

March 1, 1910. Southern Ry. development and general mortgage fours, 1956, series "A." Total amount of securities, $10,000,000. Bank's participation, $1,709,000.

April 15, 1910. Kansas City Terminal first mortgage 4 per cent bonds. Total amount of securities involved, $12,500,000. Bank's participation, $833,333.

April 23, 1910. City and County of San Francisco 5 per cent bonds. Total amount of securities involved, $5,400,000. Bank's participation, $1,134,000.

April 28, 1910. Southern Ry. first consolidated fives, 1994. Total amount of securities involved, $5,000,000. Bank's participation, $1,250,000. The bank had an interest in the original promotion and underwriting but was not a syndicate manager.

June 10, 1910. Lehigh & Wilkes-Barre Coal consolidated fours, various maturities. Total amount of securities involved, $12,500,000. Bank's participation, $3,125,000.

September 1, 1910. Central R. R. of Haiti 6 per cent notes, 1911-12-13. Total amount of securities involved, $150,000. Bank's participation, $50,000.

September 14, 1910. Vandalia Railroad Co. consolidated fours, series "B." Total amount of securities involved, $5,000,000. Bank's participation, $250,000.

September 30, 1910. Kansas City, Mo., 4 per cent and 4½ per cent bonds, 1930. Total amount of securities involved, $800,000. Bank's proportion, $400,000.

October 8, 1910. Public Service Corporation of New Jersey three-year fives, 1913. Total amount of securities involved, $4,000,000. Bank's participation, $500,000.

October 14, 1910. Commonwealth Edison Co. first mortgage fives, 1943. Total amount of securities involved, $10,000,000. Bank's participation, $625,000.

December 24, 1910. Kansas City Terminal first-mortgage fours. Total amount of securities involved, $7,500,000. Bank's participation, $500,000.

December 29, 1910. Chesapeake & Ohio first consolidated fives, 1939. Total amount of securities involved, $2,000,000. Bank's participation, $666,000.

December 31, 1910. Bolivia Government sixes. Total amount of securities involved, £500,000. Bank's participation, £100,000.

December 9, 1910. Southern Railway 5 per cent notes, 1913. Total amount of securities involved, $10,000,000. Bank's participation, $1,625,000. The bank had an interest in the original promotion and underwriting, but was not a syndicate manager.

December 6, 1910. Chesapeake & Ohio convertible four-and-a-halfs, 1930. Total amount of securities involved, $31,390,000. Bank's participation, $1,048,000. The bank had an interest in the original promotion and underwriting, but was not a syndicate manager.

December 12, 1910. Cincinnati, Hamilton & Dayton first and refunding fours, 1959. Total amount of securities involved, $7,500,000. Bank's participation, $150,000.

December 29, 1910. Chicago & North Western general fours, 1987. Total amount of securities involved, $15,000,000. Bank's participation, $500,000.

December 31, 1910. Seaboard Air Line Railway adjusting fives, 1949. Total amount of securities involved, $18,000,000. Bank's participation, $540,000.

January 21, 1911. Chicago, Rock Island & Pacific refunding fours, 1934. Total amount of securities involved, $3,080,000. Bank's participation, $800,000.

January 27, 1911. Pacific Telegraph & Telephone fives, 1913. Total amount of securities involved, $5,000,000. Bank's participation, $200,000.

February 7, 1911. Chesapeake & Ohio Railway Co. general-mortgage four-and-a-halfs, 1992. Total amount of securities involved, $1,839,000. Bank's proportion, $613,000.

February 8, 1911. St. Louis & San Francisco general-lien fives. Total amount of securities involved, $2,000,000. Bank's participation, $150,000.

March 23, 1911. Chicago Railways fives, 1927. Total amount of securities involved, $15,000,000. Bank's participation, $1,025,000. The bank had an interest in the original promotion and underwriting and was a syndicate manager.

February 14, 1911. Delaware & Hudson first and refunding fours. Total amount of securities involved, $6,000,000. Bank's participation, $400,000.

March 31, 1910. Brinson Railway Co. of Georgia first fives, 1935. Total amount of securities involved, $845,000. Bank's proportion, $422,500.

March 4, 1911. Southern Pacific refunding fours, 1955. Total amount of securities involved, $6,200,000. Bank's participation, $1,545,000.

March 16, 1911. American Cotton Oil Co., 5 per cent bonds. Total amount of securities involved, $5,000,000. Bank's participation, $500,000. The bank had an interest in the original promotion and underwriting but was not a syndicate manager.

March 17, 1911. American Agricultural Chemical Co. fives. Total amount of securities involved, $4,000,000. Bank's participation, $125,000.

March 20, 1911. Consolidation Coal first and refunding fives. Total amount of securities involved, $9,000,000. Bank's participation, $500,000. The bank had an interest in the original promotion and underwriting but was not a syndicate manager.

December 21, 1911. St. Louis & San Francisco, New Orleans, Texas & Mexico division fives. Total amount of securities involved, $9,000,000. Bank's participation, $500,000.

April 11, 1911. Kansas City Southern refunding and improvement fives, 1950. Total amount of securities involved, $5,000,000. Bank's participation, $588,500. The bank had an interest in the original promotion and underwriting but was not a syndicate manager. The securities were offered for sale in conjunction with others.

April 11, 1911. Otis Elevator Co., New Jersey debenture fives. Total amount of securities involved, $3,500,000. Bank's participation, $50,000.

April 11, 1911. Erie Railroad Co. 6 per cent notes, 1914. Total amount of securities involved, $12,500,000. Bank's participation, $950,000. The bank had an interest in the original promotion and underwriting but was not a syndicate manager. The securities were offered for sale in conjunction with others.

January 5, 1911. Brazil Railway Co. advance. Total amount of securities involved, £3,000,000. Bank's participation, £220,000.

February 2, 1911. Chicago Railways Co. of Illinois 6 per cent notes of 1911. Total amount of securities involved, $3,000,000. Bank's proportion, $1,500,000.

June 5, 1911. Chicago, Milwaukee & St. Paul general fours, 1989. Total amount of securities involved, $25,000,000. Bank's participation, $3,250,000.

June 6, 1911. Cleveland Railway Co. first and refunding fives, 1931. Total amount of securities involved, $5,000,000. Bank's participation, $1,000,000.

June 10, 1911. Great Northern first and refunding four-and-a-fourths. Total amount of securities involved, $20,000,000. Bank's participation, $4,975,000.

June 9, 1911. Chicago, Milwaukee & St. Paul general fours, series "A," 19[illegible]. Total amount of securities involved, $3,077,000. Bank's proportion, $1,538,000.

March 13, 1911. Chesapeake & Ohio Railway Co. general four-and-a-halfs, 19[illegible]. Total amount of securities involved, $532,000. Bank's proportion, $266,000.

May 3, 1911. Chicago, Burlington & Quincy general fours, 1958. Total amount of securities involved, $8,000,000. Bank's participation, $1,000,000.

July 24, 1911. Southern Power Co. first mortgage fives, 1930. Total amount of securities involved, $1,000,000. Bank's proportion, $367,000.

May 16, 1911. Chesapeake & Ohio R. R. four-and-a-halfs, notes, 1914. Total amount of securities involved, $16,000,000. Bank's proportion, $3,885,000.

May 16, 1911. Chicago & North Western general fours, 1987. Total amount of securities involved, $7,500,000. Bank's participation, $500,000.

May 23, 1911. Public Service Corporation of New Jersey fives, 1959. Total amount of securities involved, $13,860,000. Bank's participation, $350,000. The bank had an interest in the original promotion and underwriting, but was not a syndicate manager.

June 6, 1911. Louisville & Nashville, Atlanta, Knoxville & Cincinnati division fours. Total amount of securities involved, $10,000,000. Bank's participation, $1,125,000. Offered for sale in conjunction with others.

June 15, 1911. Imperial Chinese Government 5 per cent Hukuang Railway sinking fund gold loan, 1911. Total amount of securities involved, $7,500,000. Bank's participation, $1,125,000. The bank had an interest in the original promotion and underwriting but was not a syndicate manager. The securities were offered for sale in conjunction with others.

July 10, 1911. Antofagasta (Chili) & Bolivia Ry. Co. Total amount of securities involved, £1,550,000. Bank's participation, £145,312–10–0.

July 19, 1911. Atchison, Topeka & Santa Fe convertible fours, 1960. Total amount of securities involved, $43,686,000. Bank's participation, $1,780,000. The bank had an interest in the original promotion and underwriting but was not a syndicate manager.

August 21, 1911. Chicago Railways fives, 1927. Total amount of securities involved, $5,000,000. Bank's participation, $350,000. The bank had an interest in the original promotion and underwriting, but was not a syndicate manager.

July 31, 1911. Chicago Elevated Railways 5 per cent notes, 1914. Total amount of securities involved $30,000,000. Bank's participation $2,262,000. The bank was an original promoter, underwriter, and syndicate manager. The securities were offered for sale in conjunction with others.

August 16, 1911. New York, Westchester & Boston four-and-a-halfs. Total amount of securities involved $17,200,000. Bank's participation $100,000.

October 31, 1911. New York, Ontario & Western general mortgage fours, 1955. Total amount of securities involved $2,702,000. Bank's participation $100,000.

October 31, 1911. Argentine Government four-and-a-halfs, March, 1913. Total amount of securities involved £480,000. Bank's participation £120,000.

December 21, 1911. St. Louis & San Francisco, New Orleans, Texas & Mexico division fives. Total amount of securities involved $4,500,000. Bank's participation $250,000.

November 18, 1911. Kansas City, Fort Scott & Memphis refunding fours, 1936. Total amount of securities involved, $906,000. Bank's proportion, $453,000.

January 10, 1911. Piedmont Syndicate. Total amount of securities involved, $7,500,000. Bank's participation, $800,000.

March 3, 1911. Chicago, Milwaukee & Puget Sound fours, 1949. Total amount of securities involved, $25,000,000. Bank's participation, $1,462,500. The bank had an interest in the original promotion and underwriting, and was a syndicate manager. The securities were offered for sale in conjunction with others.

April 4, 1911. Booth Fisheries Co. debenture sixes, 1926. Total amount of securities involved, $4,000,000. Bank's participation, $325,000. The bank was interested in the original promotion and underwriting, but is not a syndicate manager.

April 20, 1911. The Fairmount & Clarksburg Traction first mortgage fives, 1938. Total amount of securities involved, $100,000. Bank's proportion, $50,000.

July 3, 1911. Detroit Term. & Tunnel first four-and-a-halfs, 1961. Total amount of securities involved, $3,040,000. Bank's proportion, $760,000.

June 27, 1911. Lackawanna Steel Co. first convertible fives, 1950. Total amount of securities involved, $1,540,000. Bank's proportion, $385,000.

September 27, 1912. Pacific Light & Power first and refunding fives, 1951. Total amount of securities involved, $7,500,000. Bank's participation, $250,000. The bank had an interest in the original promotion and underwriting, but was not a syndicate manager.

February 15, 1912. Seaboard Air Line Railway Co. refunding mortgage fours. Total amount of securities involved, $23,000,000. Bank's participation, $200,000.

February 24, 1912. Minneapolis & St. Louis extension 5 per cent notes. Total amount of securities involved, $4,000,000. Bank's participation, $175,000. The bank had an interest in the original promotion and underwriting and was a syndicate manager.

January 15, 1912. Central Mexico Light & Power Co. first mortgage sixes, 1940. Total amount of securities involved, $100,000. Bank's proportion, $50,000.

February 24, 1912. Minneapolis & St. Louis 1-year 6 per cent notes. Total amount of securities involved, $2,100,000. Bank's participation, $525,000. The bank had an interest in the original promotion and underwriting and was a syndicate manager.

February 15, 1912. Kaw Valley Drainage District, Wyandotte County, Kans. fives. Total amount of securities involved, $1,225,000. Bank's participation, $250,000

March 14, 1912. Chesapeake & Ohio Railroad 4½ per cent notes, 1914. Total amount of securities involved, $3,500,000. Bank's proportion, $700,000.

March 18, 1912. Milwaukee, Sparta & Northwestern first fours. Total amount of securities involved, $15,000,000. Bank's participation, $750,000.

March 18, 1912. Chesapeake & Ohio general mortgage four-and-a-halfs. 1992. Total amount of securities involved, $374,000. Bank's participation, $75,000.

March 20, 1912. City of Pittsburgh four-and-a-fourths, 1911–40. Total amount of securities involved, $4,878,000. Bank's participation, $1,220,000.

March 21, 1912. Maine Central 1-year 4 per cent notes. Total amount of securities involved, $12,000,000. Bank's participation, $3,000,000.

March 21, 1912. Atchison, Topeka & Santa Fe, California-Arizona line first and refunding four-and-a-halfs. Total amount of securities involved, $18,300,000. Bank's participation, $363,500. The bank had an interest in the original promotion and underwriting, but was not a syndicate manager. The securities were offered for sale in conjunction with others.

March 25, 1912. International Harvester Co. fives. Total amount of securities involved, $15,000,000. Bank's participation, $3,750,000.

March 29, 1912. Consolidation Coal first and refunding fives. Total amount of securities involved, $2,500,000. Bank's participation, $500,000. The bank had an interest in the original promotion and underwriting, but was not a syndicate manager.

March 30, 1912. Distillers Securities Corporation first mortgage convertible fives. 1927. Total amount of securities involved, $986,000. Bank's proportion, $493,000

June 15, 1912. Union Bag & Paper first fives, sinking fund 1930. Total amount of securities involved, $750,000. Bank's proportion, $350,000. The securities were offered for sale in conjunction with others.

March 30, 1912. City of Lima, Peru, fives. Total amount of securities involved £600,000. Bank's participation £40,000.

May 14, 1912. Montreal Tramways & Power Co. 6 per cent collateral trust notes 1915. Total amount of securities involved $5,000,000. Bank's participation, $216,666. The bank had an interest in the original promotion and underwriting and was a syndicate manager. The securities were offered for sale in conjunction with others.

June 1, 1912. Seaboard Air Line adjustible fives, 1949. Total amount of securities involved $6,700,000. Bank's participation $250,000.

June 13, 1912. Erie Railroad Co. 3-year fives, 1915. Total amount of securities involved $10,000,000. Bank's participation $2,250,000.

June 1, 1912. Seaboard Air Line adjustible fives, 1949. Total amount of securities involved $6,700,000. Bank's participation $250,000.

June 4, 1912. St. Louis & San Francisco, New Orleans, Texas & Mexico division fives, 1940. Total amount of securities involved $4,400,000. Bank's participation $100,000.

July 29, 1912. Cumberland Corporation syndicate. Total amount of securities involved $15,000,000. Bank's participation $355,000.

June 25, 1912. Virginian Railway & Power first and refunding fives, 1934. Total amount of securities involved $981,000. Bank's participation $328,000.

June 25, 1912. Chicago, Milwaukee & St. Paul convertible four-and-a-halfs, 1932. Total amount of securities involved $34,893,500. Bank's participation $8,723,375

July 11, 1912. Virginia Railway first mortgage fives, 1962. Total amount of securities involved $25,000,000. Bank's participation $2,000,000. The bank had an interest in the original promotion and underwriting, but was not a syndicate manager. The securities were offered for sale in conjunction with others.

July 2, 1912. Hampshire Southern first fives, 1934. Total amount of securities involved $600,000. Bank's participation $25,000. The bank was syndicate manager.

July 29, 1912. Clinchfield syndicate. Total amount of securities involved $10,000,000. Bank's participation $250,000.

July 29, 1912. Hocking Valley four-and-a-halfs, 1913. Total amount of securities involved $125,000. Bank's proportion $62,500.

July 29, 1912. New York Central four-and-a-halfs, 1915. Total amount of securities involved $125,000. Bank's proportion $62,500.

July 29, 1912. Chesapeake & Ohio four-and-a-halfs, 1914. Total amount of securities involved $125,000. Bank's proportion $62,500.

June 30, 1912. Distillers Securities Corporation first mortgage convertible fives, 1927. Total amount of securities involved $685,000. Bank's proportion $100,000.

September 9, 1912. Chicago, West Indiana Railroad 3-year 5 per cent notes. Total amount of securities involved $10,000,000. Bank's participation $2,500,000.

January 17, 1912. Seaboard Air Line refunding fours, 1959. Total amount of securities involved $4,065,000. Bank's participation $1,780,000.

January 27, 1912. Chicago Elevated Railways 5 per cent notes, 1914. Total amount of securities involved $2,150,000. Bank's participation $280,000.

February 19, 1912. City of Tokyo (Japan) 5 per cent loan, 1910. Total amount of securities involved £2,000,000. Bank's participation £40,000.

May 6, 1912. City of Omaha, Nebraska, waterworks four-and-a-halfs, 1941. Total amount of securities involved $7,500,000. Bank's participation $750,000.

April. 17, 1912. St. Louis & San Francisco, N. O., T. & M. first fives. Total amount of securities involved $14,000,000. Bank's participation $250,000. The bank had an interest in the original promotion and underwriting, but was not a syndicate manager.

September 9, 1912. General Electric debentures fives. Total amount of securities involved $10,000,000. Bank's participation $1,200,000.

May 31, 1912. Cumberland Corporation Coll. Tr. convertible fives, 1915. Total amount of securities involved $5,000,000. Bank's participation $500,000.

July 15, 1912. Chicago Elevated fives, 1914. Total amount of securities involved $1,000,000. Bank's proportion $500,000.

June 5, 1912. Monongahela Valley Traction Co. first fives, 1942. Total amount of securities involved $2,500,000. Bank's participation $150,000.

November 6, 1912. Michigan United Ry. first and refunding fives. Total amount of securities involved $2,000,000. Bank's proportion $660,000.

July 17, 1912. Chicago Elevated Ry.'s 3-year 5 per cent notes, 1914. Total amount of securities involved $500,000. Bank's proportion $250,000.

January 15, 1912. General Rubber four-and-a-halfs, 1915. Total amount of securities involved $2,900,000. Bank's participation $544,000.

January 16, 1912. New York, New Haven & Hartford 1-year 4 per cent notes, 1913. Total amount of securities involved $30,000,000. Bank's participation $5,000,000.

February 1, 1912. Chicago City & Con. Rys. Coll. Tr. fives. Total amount of securities involved $22,000,000. Bank's participation $400,000.

February 8, 1912. Chicago Rys. fives, 1927. Total amount of securities involved, $6,527,000. Bank's participation, $806,750. The bank had an interest in the original promotion and underwriting, but was a syndicate manager.

February 21, 1912. Pacific Gas & Electric Co. general and refunding fives, 1942. Total amount of securities involved, $20,000,000. Bank's participation, $765,000. The bank had an interest in the original promotion and underwriting, but was not a syndicate manager.

February 9, 1912. Toledo Traction Co. first extension fives. Total amount of securities involved, $6,000,000. Bank's participation, $250,000.

February 14, 1912. Chicago, Rock Island & Pacific refunding fours, 1934. Total amount of securities involved, $3,500,000. Bank's participation, $500,000.

July 29, 1912. Illinois Central four-and-a-halfs, 1914. Total amount of securities involved, $125,000. Bank's proportion, $62,500.

August 6, 1912. United Light & Railway Co. first refunding fives. Total amount of securities involved, $4,300,000. Bank's participation, $660,000.

September 27, 1912. Pacific Gas & Electric Co. general refunding fives. Total amount of securities involved, $20,000,000. Bank's participation, $1,250,000.

October 9, 1912. Indiana Steel first fives, 1952. Total amount of securities involved, $15,000,000. Bank's proportion, $3,750,000.

October 9, 1912. National Tube Co. first fives, 1952. Total amount of securities involved, $10,000,000. Bank's proportion, $2,500,000.

October 9, 1912. Illinois Steel debenture four-and-a-halfs, 1940. Total amount of securities involved, $5,500,000. Bank's proportion, $1,375,000.

Bolivia Ry. Co. fives, 1927. Total amount of securities involved, £3,750,000. Bank's participation, £1,125,000. The bank is a syndicate manager. Various dates extending over the entire period of 5 years.

June 2, 1912. Atchison, Topeka & Santa Fe convertible fours. Total amount of securities involved, $5,422,000. Bank's participation, $1,355,000.

March 1, 1912. Consolidation Coal Co. first and refunding fives. Total amount of securities involved, $1,500,000. Bank's proportion, $750,000.

No. 5a. The following is the list of syndicate and joint accounts for the purchase and sale of securities with which the National City Co. has been connected:

American Agricultural Chemical Co. preferred stock syndicate, February 28, 1912, participation of $100,000 in syndicate for underwriting $6,000,000 par value preferred stock.

Argentine Railways syndicate, July 24, 1912, interest equal to 24 per cent in participation of £300,000 allotted to North American group.

Art Metal Construction syndicate, October 11, 1912, participation of $100,000 in the purchase of 6,900 shares of common stock of Art Metal Construction Co.

Brazil Railway Co. common stock syndicate, December 18, 1911, participation equal to 22 per cent in options to purchase 22,500 shares, which was exercised as to 7,500 shares only, in which this company had an interest of 550 shares.

Brazil Railway Co. advance, December 18, 1911, participation equal to 21½ per cent of £233,333 interest in loan of £700,000 advanced to purchase obligations of Southern Brazil Lumber & Colonization Co.

Brazil Development & Colonization Co. advance, July 3, 1912, participation of £64,500 (21½ per cent of American group's share of £300,000) in total advance of £1,500,000. One-third of this advance has been repaid, and, the remainder merged into further advance of £1,000,000 to Brazil Railway Co.

Brazil Railway Co. advance, November 6, 1912, participation of £43,000 (21½ per cent of £200,000) in a further advance of £1,000,000.

Chicago Elevated Railway stock syndicate, July 24, 1911, an interest of $595,000 in purchase of 160,000 shares of the preferred stock and 200,000 shares common stock.

Chinese Government advance, March 5, 1912, participation equal to 15 per cent of the American group's one-quarter share in 3,000,000 taels advance.

Chinese Government Manchurian Development Co. loan, November 3, 1911, participation equal to 15 per cent in £100,000 share of American group.

California Petroleum Corporation stock syndicate, September 23, 1912, $500,000, participation in $5,000,000 subscription for the purchase of $5,000,000 of preferred stock and $2,500,000 of common stock.

R. R. Colgate et al. loan, December 4, 1912, participation of $250,000 in loan of $500,000.

Haiti syndicate, November 2, 1911, participation of $350,000 in advance not exceeding $2,000,000, to be made to the Caribbean Construction Co. for construction of certain lines of railroad in the Republic of Haiti.

Kansas City, Clay County & St. Joseph Railway Co. advance, November 21, 1911, participation of $2,328,300 subsequently reduced to $2,159,820 in advances for construction of the railway.

Liberia 5 per cent refunding loan 1912, December 20, 1912, participation of one-quarter of $\frac{7}{17}$ in $1,700,000. Bond issue.

New York & San Francisco Steamship Co. syndicate, July 30, 1912, participation of $750,000 in purchase of $1,700,000 6 per cent first mortgage bonds.

The Willys-Overland Co. stock syndicate November 15, 1912, participation of $50,000 and accrued dividend (representing $50,000 par value preferred stock and $7,500 par value common stock) in the purchase of $3,500,000 par value preferred stock and $525,000 par value common stock.

The Virginian Railway Co. first mortgage 5 per cent bond syndicate, May 27, 1912, participation of $1,000,000 in bonds of an issue of $25,000,000.

The National City Co. was not an original promoter or underwriter or syndicate manager in any of the foregoing.

No. 6. The transactions between the National City Bank and the National City Co. from July 15, 1911, when the National City Co. began business, to December 31, 1912, have been as follows:

Stocks, securities, etc., acquired by the National City Co. from or through the National City Bank, $1,500,000 Florida East Coast Line 4½ per cent bonds; $4,000,000 Consolidated Gas Co. of New York 5 per cent notes due August 10, 1911; $800,000 Westchester Lighting Co. 5 per cent notes; $1,775,000 Chesapeake & Ohio Railroad 4½ per cent secured gold notes; $500,000 Interborough Rapid Transit Co. 4½ per cent notes; $1,750,000 Lehigh & Wilkes-Barre Coal Co. consolidated mortgage 4 per cent bonds; $595,000 participation in Chicago Elevated Railway stock syndicate; 100 shares Alliance Realty Co.; 500 shares Trust Co. of America, New York; 120 shares Central Hudson Steamboat Co., preferred; 60 shares Central Hudson Steamboat Co. common; 2,500 shares Southwestern Sugar Land Co. of Arizona; 750 shares South American Construction Co. (in liquidation); 300 shares International Mercantile Marine preferred; 1,330 shares Third National Bank (in liquidation); $10,550 Nicaragua Canal Syndicate; $2,450,000 Consolidated Gas Co. of New York 5 per cent 1-year notes, due August 10, 1912; $600,000 New York City revenue bonds, due November 6, 1911; $1,400,000 New York City revenue bonds, due November 15, 1911; £400,000

State of Sao Paulo, Brazil, treasury bills, due June, 1912; $1,199,000 Republic of Costa Rica 6 per cent bonds; 2,000 shares Banque Nationale de la Republique d'Haiti; $206,000 participation Peruvian Government 5½ per cent loan; $350,000 participation in Haiti syndicate, 50 per cent paid; $250,000 National Railway of Mexico 4½ per cent notes; $25,000 Philippine Railway first mortgage 4 per cent bonds; $62,000 Central Mexico Light & Power Co. 6 per cent bonds; $75,000 participation in £100,000 Chinese Government Manchurian Development Co.; $250,000 United States Realty & Improvement Co. 5 per cent bonds; $200,000 Federal Light & Traction Co. 6 per cent notes; $500,000 Kansas City Southern Railroad refunding 5 per cent bonds; $4,932,000 Chicago Elevated Railways 5 per cent notes; $300,000 Southern Power Co. 5 per cent notes; $94,000 Erie Railroad Co. 5 per cent notes; $100,000 Virginia Air Line first 5 per cent bonds; $100,000 Fairmont & Clarksburg Traction Co., first 5 per cent bonds; $500,000 Detroit Terminal & Tunnel first 4½ per cent bonds; $425,000 Chesapeake & Ohio general funding and improvement 5 per cent bonds; $350,000 Minneapolis & St. Louis 6 per cent notes; $500,000 Chicago, Milwaukee & Puget Sound first 4 per cent bonds; $500,000 Hocking Valley 4½ per cent notes; $2,159,820 participation in Kansas City Clay Co. & St. Joseph Railway Co. syndicate; £50,166 13s. 4d. participation in Brazil Railway Co. loan syndicate of £700,000; £43,000 participation in further loan to Brazil Railway Co. of £1,000,000; $200,000 General Rubber Co. 4½ per cent notes, $224,546.76 participation in Chinese Government advance; 420 shares American Agricultural Chemical preferred stock syndicate; $300,000 Montreal Tramways & Power Co. 6 per cent notes; $50,000 Tennessee Power Co. first 5 per cent bonds; 250 shares Tennessee Railway Light & Power Co. 6 per cent preferred; 600 shares Tennessee Railway Light & Power Co. common; £400,000 State of Sao Paulo, Brazil, treasury bills 1913; 1,500 shares Seaboard Railways unincorporated; $1,000,000 participation in Virginian Railway Co. first mortgage 5 per cent bonds, syndicate; £64,500 participation in Brazil Development & Colonization Co. advance of £1,500,000; 625 shares Clinchfield Coal Corporation preferred, 75 per cent paid; $360,000 participation in Argentine Railway Co.'s syndicate of $15,000,000; $34,500 on account participation in Liberia Government 5 per cent loan of $1,700,000.

Stocks, securities, etc., which were sold by the National City Co. to or through the National City Bank or which were collected through it: $1,775,000 Chesapeake & Ohio Railroad 4½ per cent secured gold notes; $1,750,000 Lehigh & Wilkes Barre Coal Co. consolidated mortgage 4 per cent bonds; $1,500,000 Florida East Coast Line 4½ per cent bonds; $800,000 Westchester Lighting Co. 5 per cent notes; $500,000 Interborough Rapid Transit Co. 4½ per cent notes; $4,000,000 Consolidated Gas Co. of New York 5 per cent notes, due August 10, 1911; $2,450,000 Consolidated Gas Co. of New York 5 per cent notes, due August 10, 1912; $206,001.54 participation in Peruvian Government 5½ per cent loan; $81,607.50, on account participation in Kansas City, Clay County & St. Joseph Railway Co. syndicate; $500,000 Hocking Valley 4½ per cent notes; $62,000 Central Mexico Light & Power Co. 6 per cent bonds; $94,000 Erie Railroad Co. 5 per cent notes; $200,000 General Rubber 4½ per cent bonds; $500,000 Chicago, Milwaukee & Puget Sound first 4 per cent bonds; $3,274,000 Chicago Elevated Railways 5 per cent notes; $1,150,000 Republic of Costa Rica 6 per cent bonds; $175,000 Montreal Tramways & Power Co. 6 per cent notes; £400,000 State of Sao Paulo (Brazil) Treasury bills, 1912; $50,000 Tennessee Power Co. first 5 per cent bonds; 250 shares Tennessee Railway Light & Power Co. preferred; 600 shares Tennessee Railway Light & Power Co. common; 137 shares American Agricultural Chemical Co. preferred; $16,899.10 profit in final settlement participation of $1,000,000 in Virginian Railway Co. first mortgage 5 per cent bonds syndicate; $500,000 Detroit Terminal & Tunnel 4½ per cent bonds; $425,000 Chesapeake & Ohio general funding and improvement 5 per cent bonds; $100,000 Virginia Air Line 5 per cent bonds; $250,000 National Railways of Mexico 4½ per cent notes; $500,000 Kansas City Southern 5 per cent bonds; $100,000 Fairmount & Clarksburg Traction Co. 5 per cent bonds; £64,500 participation in Brazil Development & Colonization Co., advance of £1,500,000.

In many of these transactions the National City Bank acted merely as banker or clearing agent for the National City Co.

No. 7. The deposits of the National City Bank from 1897 to 1912, inclusive, were as follows, January 1:

1897	$42,116,000	1905	$188,837,000
1898	102,772,000	1906	171,681,000
1899	117,009,000	1907	180,989,000
1900	121,943,000	1908	170,800,000
1901	159,292,000	1909	262,990,000
1902	167,593,000	1910	251,773,000
1903	133,797,000	1911	198,060,000
1904	159,367,000	1912	214,415,000

No. 8. The deposits on January 1, 1912, and November 1, 1912, respectively, of interstate corporations with the National City Bank, were as follows:

Jan. 1, 1912:	
Interstate Corporation balances	$57,492,089
Number of accounts	493
Nov. 1, 1912:	
Interstate Corporation balances	56,931,928
Number of accounts	526

No. 9. The following officers of the National City Bank hold stock in other banks and trust companies of November 1, 1912, as follows:

	Shares.
Samuel McRoberts:	
Continental & Commercial National Bank of Chicago	200
Harris Trust & Savings Bank of Chicago	30
W. A. Simonson (shares in other banks and trust companies held by Mr. Simonson, in which he is a director):	
Lincoln National Bank of New York	10
National Bank of Commerce of New York	100
Second National Bank of New York	700
Columbia Bank of New York	10
(Also some shares in other banks with which he is not associated as an officer or director.)	
James A. Stillman:	
Farmers Loan & Trust Co	50
Second National Bank of New York	100
Fidelity Bank of New York	50
Joseph T. Talbert:	
Continental & Commercial National Bank of Chicago	100
Manufacturers National Bank, Racine, Wis	12
First National Bank of Baltimore, Md	15
Farmers & Mechanics National Bank, Fort Worth, Tex	24
F. A. Vanderlip:	
Bank of Chicago Heights, Ill	143.50
Harris Trust & Savings Bank, Chicago	108
South Branch Valley National Bank, Moorefield, W. Va	190
Citizens Central National Bank, New York	297
Farmers' Loan & Trust Co., New York	10
Lawyers Title Insurance & Trust Co., New York	224
National Bank of Commerce in New York	100
Nyack National Bank, Nyack, N. Y	14.10
Merchants National Bank, Omaha, Nebr	150
Bank of Romney, W. Va	40
Ridgely National Bank, Springfield, Ill	340
American Security & Trust Co., Washington, D. C	450
National Bank of Washington, D. C	90
Riggs National Bank, Washington, D. C	10
Union Trust Co., Washington, D. C	90

No. 10. I am one of the trustees of the stock of the National City Co., my cotrustees being Mr. S. S. Palmer and Mr. James Stillman.

No. 11. The president and vice-presidents of the National City Bank are officers or directors of the corporations named below, as indicated:

Allianz Insurance Co. (Ltd.), of Berlin, F. A. Vanderlip, trustee.
Allied Machinery Co., F. A. Vanderlip, Samuel McRoberts, Jos. T. Talbert, J. E. Gardin.
American Security & Trust Co., Washington, F. A. Vanderlip.
American Sugar Refining Co., Samuel McRoberts.
Armour & Co., Samuel McRoberts.
Baldwin Locomotive Works, Samuel McRoberts.
Bank of Havana, John E. Gardin.
Banque Nationale de la Republique d'Haiti, Samuel McRoberts.
Carolina, Clinchfield & Ohio R. R. Co., F. A. Vanderlip.
Caribbean Construction Co., Samuel McRoberts.
Chesapeake & Ohio R. R. Co., F. A. Vanderlip.
Chicago Elevated Railways Collateral Trust, F. A. Vanderlip, Samuel McRoberts, trustees.
Chicago, Milwaukee & St. Paul Railroad Co., Samuel McRoberts.

Clinchfield Coal Corporation. F. A. Vanderlip.
Columbia Bank, W. A. Simonson.
Consolidated Gas Co. of New York, F. A. Vanderlip.
Continental & Commercial National Bank of Chicago, Jos. T. Talbert, Samuel McRoberts.
Cumberland Corporation, F. A. Vanderlip.
Cumberland & Pennsylvania Railroad Co., Samuel McRoberts.
Delaware, Lackawanna & Western Coal Co., J. A. Stillman.
Empire Surety Co., W. A. Simonson.
Farmers' Loan & Trust Co., F. A. Vanderlip, J. A. Stillman.
Federal Insurance Co., H. M. Kilborn.
Federal Light & Traction Co., Samuel McRoberts.
Federal Utilities (Inc.), Samuel McRoberts.
Fidelity Bank, J. A. Stillman.
Fifth Avenue Safe Deposit Co., W. A. Simonson.
General Fire Assurance Co. of Paris, Samuel McRoberts, trustee.
Hocking Valley Railroad Co., F. A. Vanderlip.
International Rubber Co., Jos. T. Talbert.
Kanawha Bridge & Terminal Co., F. A. Vanderlip.
Kansas City Southern Railroad Co., Samuel McRoberts.
Lincoln National Bank, W. A. Simonson.
Lincoln Safe Deposit Co., W. A. Simonson.
Mercantile Burglar Alarm Co., F. A. Vanderlip.
Mercantile Safe Deposit Co., F. A. Vanderlip.
Missouri, Kansas & Texas Railroad Co., F. A. Vanderlip.
Missouri, Kansas & Texas Terminal Co. of St. Louis, F. A. Vanderlip.
National Bank of Commerce, F. A. Vanderlip, W. A. Simonson.
National City Bank, F. A. Vanderlip, J. A. Stillman.
National City Co., F. A. Vanderlip, J. A. Stillman, Samuel McRoberts.
National Surety Co., Samuel McRoberts.
New Amsterdam Gas Co., W. A. Simonson.
New York Edison Co., F. A. Vanderlip.
New York University, F. A. Vanderlip, trustee.
Northwestern University, Chicago, Samuel McRoberts, trustee.
Norfolk Southern R. R. Co., F. A. Vanderlip.
Northern Westchester Lighting Co., F. A. Vanderlip.
Northwestern Elevated Railroad of Chicago, Samuel McRoberts.
Oregon Short Line Railroad Co., F. A. Vanderlip.
Oregon & Washington Railroad & Navigation Co., F. A. Vanderlip.
Peekskill Lighting & Railroad Co., F. A. Vanderlip.
Republic Railway & Light Co., Samuel McRoberts.
Ridgwood (N. J.) Gas Co., W. A. Simonmonson.
Riggs National Bank, F. A. Vanderlip.
Seaboard Air Line Railroad Co., F. A. Vanderlip.
Seaboard Railways, unincorporated, F. A. Vanderlip.
Second National Bank, W. A. Simonson, J. A. Stillman.
Stevens Institute, F. A. Vanderlip, trustee.
Tennessee Copper Co., H. M. Kilborn.
United States Realty & Improvement Co., F. A. Vanderlip.
United States Trust Corporation (Ltd.), F. A. Vanderlip.
Union Pacific Railroad Co., F. A. Vanderlip.

No. 12. The following officers of the National City Bank are directors in the corporations named below, of which any member of the firm of J. P. Morgan & Co., Kuhn, Loeb & Co., Speyer & Co., Lee Higginson & Co., or Kidder, Peabody & Co., is likewise a director:

Allians Insurance Co. (Ltd.), of Berlin (James Speyer, trustee, and F. A. Vanderlip, trustee).

Baldwin Locomotive Works (E. T. Stotesbury and Samuel McRoberts).

Fidelity Bank (Mortimer L. Schiff and James A. Stillman).

Banque Nationale de la Republique d'Haiti (Richard Schuster and Samuel McRoberts).

General Fire Assurance Co. of Paris (Paul M. Warburg, trustee, and Samuel McRoberts, trustee).

Missouri, Kansas & Texas Railway Co. (Hans Winterfeldt and F. A. Vanderlip).

Missouri, Kansas & Texas Terminal Co. of St. Louis (Hans Winterfeldt and F. A. Vanderlip).

National Bank of Commerce (Paul M. Warburg, J. P. Morgan, jr., Henry P. Davison, F. A. Vanderlip, and W. A. Simonson).

National City Bank (J. P. Morgan, jr., Jacob H. Schiff, James A. Stillman, and F. A. Vanderlip).

National Surety Co. (Felix M. Warburg and Samuel McRoberts).

Union Pacific Railroad Co. and subsidiaries (F. A. Vanderlip is a director in these corporations, in which members of the firm, Kuhn, Loeb & Co., are also directors).

No. 13. As far back as our records show, that is, for five years, the only securities sold by the National City Bank to the New York Life Insurance Co., the Mutual Life

waukee & St. Paul general mortgage fours, which were sold to the New York Life Insurance Co. on December 31, 1909. We have no means of knowing if these bonds are now included in this company's assets.

No. 14. The full text of the only agreement entered into between the shareholders of the National City Bank and the National City Co. is hereinabove quoted. (See sec. 4.)

Very truly, yours,

F. A. VANDERLIP, *Trustee.*

EXHIBIT 233, JANUARY 24, 1913.

HARVEY FISK & SONS,
New York, January 4, 1913.

SAMUEL UNTERMYER, Esq.,
37 Wall Street, New York, N. Y.

DEAR SIR: We are in receipt of your letter of the 26th instant, asking that we furnish certain data to the subcommittee of the Committee on Banking and Currency of the House of Representatives. We would say:

1. The following is a list of bonds purchased by our firm from J. P. Morgan & Co., from January, 1905, to the present time, as shown by our records:

Dates.	Description of bonds.
May 9, 1905	Lake Shore & Michigan Southern fours, 1928.
May 23, 1905	Do.
Oct. 27, 1905	Do.
Mar. 29, 1906	Do.
Jan. 8, 1905	New York Central debenture fours, 1934.
Jan. 12, 1905	Do.
July 10, 1908	Do.
Apr. 13, 1905	New England consolidated fours, 1945.
Jan. 23, 1906	Do.
Dec. 18, 1906	Do.
June 30, 1905	Chicago, Burlington & Quincy (Illinois division) fours, 1949.
June 18, 1906	Do.
Aug. 6, 1906	Do.
Do.	Do.
Oct. 1, 1906	Atlantic Coast Line fours, 1952.
Dec. 18, 1906	Lake Shore & Michigan Southern three-and-a-halfs, 1997.
Dec. 19, 1906	Do.
Dec. 20, 1906	Do.
Dec. 21, 1906	Do.
July 16, 1906	Lake Shore & Michigan Southern fours, 1931.
Sept. 25, 1906	Do.
Sept. 28, 1906	New York, New Haven & Hartford debenture fours, 1956.
Mar. 16, 1908	Do.
Apr. 15, 1908	Do.
July 19, 1905	Cleveland, Cincinnati, Chicago & St. Louis fours, 1993.
Jan. 3, 1906	Southern Railway Co. fives, 1994.
Oct. 2, 1905	Atchison, Topeka & Santa Fe fours, 1955.
Do.	Do.
Apr. 17, 1905	International Traction Co. fours, 1949.
Aug. 15, 1905	Do.
Aug. 11, 1905	Do.
July 14, 1905	Canadian Northern debenture fours, 1930.
Oct. 12, 1905	Illinois Central three-and-a-halfs, 1952.
Apr. 11, 1907	American Telephone & Telegraph fours, 1936.
Dec. 8, 1908	American Telephone & Telegraph (part paid).
May 7, 1906	Southern Railway Company development fours.
June 15, 1906	Do.
Aug. 24, 1906	Do
June 17, 1907	Do.
May 11, 1908	Hocking Valley first four-and-a-halfs, 1999.
May 29, 1908	Lake Shore & Michigan Southern fours, 1931.
July 23, 1906	Toledo, Canada Southern & Detroit fours, 1956.
Jan. 11, 1907	American Telephone & Telegraph Co. 5 per cent notes, 1910.
Jan. 22, 1907	Southern Railway Company 5 per cent notes, 1910.
Feb. 1, 1907	New York Central 5 per cent notes, 1910.
Jan. 16, 1908	New York Central equipment fives, 1910.
June 10, 1907	Louisville & Nashville fours, 1955.
July 17, 1907	Do.
Sept. 16, 1907	New York City four-and-a-halfs, 1917.
Dec. 23, 1908	New York City four-and-a-halfs, 1957.
Jan. 28, 1908	New York City revenue bonds, 1909.
May 27, 1908	Chicago, Burlington & Quincy fours, 1958.
Apr. 1, 1909	South & North Alabama consolidated fives, 1936.
Mar. 18, 1910	Jamestown, Franklin & Clearfield fours, 1959.
Jan. 17, 1911	Hudson Companies 5 per cent notes, August, 1912.

The following is a list of bonds purchased by our firm from Kuhn, Loeb & Co., from January, 1905, to the present time, as shown by our records:

Dates.	Description of bonds.
July 31, 1906	Chicago, Burlington & Quincy (Illinois division) fours, 1949.
Apr. 9, 1907	Pennsylvania Railroad collateral 5 per cent notes due, 1910.
Mar. 15, 1907	Do.
Apr. 15, 1907	Do.
Apr. 29, 1907	Do.
Oct. 2, 1905	Atchison, Topeka & Santa Fe 4 per cent bonds, 1955.
Apr. 10, 1905	Imperial Japanese four-and-a-halfs, 1925.
Oct. 16, 1908	Union Pacific first refunding fours, 2008.
Dec. 1, 1908	Do.
Dec. 31, 1908	Do.
Feb. 5, 1909	Do.
June 9, 1910	Baldwin Locomotive Works fives, 1940.
Dec. 28, 1910	Chesapeake & Ohio first consolidated fives, 1939.
Jan. 10, 1911	Union Pacific first refunding fours, 2008.
Oct. 26, 1911	Illinois Central refunding fours, 1955.
Nov. 2, 1911	Do.
Jan. 22, 1912	Chicago & Eastern Illinois 5 per cent bonds, 1937.

2. Our records show no transactions during the same period affecting the promotion, underwriting, purchase or sale of bonds in joint account with either of said firms.

3. The following is a list of all underwritings and allotments of bonds or other securities received by us from J. P. Morgan & Co. during said period, as shown by our records:

Date.	Description of bonds.
Feb. 8, 1905	Chicago, Burlington & Quincy (Illinois Division) fours, 1949.
Feb. 4, 1905	Chicago City Railway Co. stock.
Jan. 30, 1905	Atchison, Topeka & Santa Fe fours, 1955.
May 3, 1905	Lake Shore & Michigan Southern debenture fours, 1928.
Feb. 15, 1906	Lake Shore & Michigan Southern 25-year fours.
May 11, 1906	New York, New Haven & Hartford debenture fours, 1956.
Apr. 25, 1908	Interborough Rapid Transit Co. 3-year convertible 6 per cent notes.
June 12, 1908	New York Central & Hudson River Railroad debenture fours, 1934.
Feb. 24, 1909	Southern Railway General & Development mortgage fours.
Apr. 1, 1910	Atchison, Topeka & Santa Fe convertible fours.
Aug. —, 1910	United States of Mexico 4 per cent loan.
Feb. 8, 1906	Southern Railway Co. development fours, 1956.

The following is a list of all underwritings and allotments of bonds or other securities received by us from Kuhn, Loeb & Co. during said period, as shown by our records:

Date.	Description of bonds.
Jan. 23, 1905	Imperial Japanese Government 4½ per cent loan.
May —, 1905	American Smelters Securities Co. preferred stock "B."
Feb. 9, 1906	Interborough-Metropolitan Co. common stock.

The following is a list of all underwritings and allotments of bonds or other securities received by us from J. P. Morgan & Co. and Kuhn, Loeb & Co. jointly during said period, as shown by our records:

Date.	Description of bonds.
Mar. 29, 1905	Pennsylvania Railroad Co. convertible three-and-a-halfs, 1915.
Feb. 15, 1906	American Telephone & Telegraph Co. convertible fours.

By underwritings and allotments of bonds or other securities received by us from either of said firms, we understand you to mean participation in syndicates organized or managed by them.

The above statements are made with the limitation put in your letter as follows: "No transaction of less than $500,000 need be returned in answer to this inquiry."

Very truly yours,

HARVEY FISK & SONS.

The Hon. GEORGE B. MCCLELLAN,
Mayor of the City of New York.

SIR: In view of the importance of the transaction and the public interests involved, it would seem to me desirable that the conditions of the municipal bond arrangement of August 22, when you called upon me with Mr. Martin, the city chamberlain, should be stated and confirmed in writing.

Upon your request for my financial advice and assistance to the city of New York, then facing financial embarrassment resulting from the recent ineffectual offering of the 4 per cent bonds of the city, I recommended that the city should make a public offering of $40,000,000 of 4½ per cent bonds, and stated that in case the bonds should be so offered I would form a syndicate to guarantee that at least $20,000,000 of the bonds so offered should be bid and paid for at not less than par and interest, the syndicate to have the option to take (at not less than the lowest price at which any such bonds should have been so sold) the whole or any portion of the remaining $20,000,000 bonds so offered but not sold upon such offering, such option to be exercised by me on the day of the public sale and according to my judgment as to the best interests of the city.

In pursuance of such arrangement, the comptroller has advertised for the submission of sealed proposals for $40,000,000 of 4½ per cent of corporate stock and bonds of the city of New York, to be received and opened up on Tuesday, the 10th day of September, 1907, of which $5,000,000 are assessment bonds, principal payable May 1, 1917, and the remaining $35,000,000 are corporate stock, payable May 1, 1957.

Accordingly, the syndicate represented by me guarantees that at least $20,000,000 of the stock and bonds so offered will be bid and paid for at not less than par and interest.

I address you because the comptroller is out of the country and not expected to return before the day of the public offering, and it seems to me desirable that before that day the arrangement should be stated completely.

Awaiting your confirmation, I am,

Yours very truly,

J. PIERPONT MORGAN.

OFFICE OF THE CITY CHAMBERLAIN,
New York, September 9, 1907.

J. PIERPONT MORGAN, Esq.,
23 Wall Street, New York.

DEAR SIR: Your communication of September 6, 1907, addressed to the mayor, has in his absence been handed for reply to me, with whom upon his going away he left the matter which was the subject of arrangement with you when he and I called upon you upon Thursday, August 22.

I beg to state that your communication of September 6, 1907, correctly states the arrangement then made; and at the same time I desire to acknowledge and record the great public service in this emergency that you have rendered and are rendering to the city of New York as a citizen thereof and upon purely public grounds.

I am yours, truly,

JAMES MARTIN,
City Chamberlain.

THE MOUNT PLEASANT,
Bretton Woods, N. H., September 9, 1907.

J. PIERPONT MORGAN, Esq.,
23 Wall Street, New York.

DEAR SIR: I beg to acknowledge receipt of your letter of September 6, 1907, which correctly states the arrangement which you made with the city of New York on Thursday, August 22, 1907; which arrangement I confirm to the extent of my power so to do.

I take this opportunity of thanking you on behalf of the city for the great public spirit you have shown.

I am yours, very truly,

GEO. B. MCCLELLAN,
Mayor of New York.

Hon. HERMAN A. METZ,
Comptroller of the City of New York,
280 Broadway, New York City.

DEAR SIR: Under and in accordance with the terms of your circular of August 24, 1907, we hereby bid the price of 100.677 per cent and accrued interest for $35,000,000 of the corporate stock of the city of New York, due 1957, and 100.067 per cent and accrued interest for $5,000,000 of the assessment bonds of the city of New York, due 1917, and inclose check for $800,000, being 2 per cent of the amount.

Yours, very truly,

J. P. MORGAN & COMPANY,
NATIONAL CITY BANK OF NEW YORK,
Per JAS STILLMAN, *President.*
FIRST NATIONAL BANK OF NEW YORK,
Per. GEO. F. BAKER, *President.*
HARVEY FISK & SONS.

EXHIBIT 235, JANUARY 24, 1913.

NAMES OF INTERSTATE CORPORATIONS, THE SECURITIES OF WHICH HAVE BEEN OFFERED PUBLICLY BY J. P. MORGAN & CO. SINCE DECEMBER 31, 1897, TOGETHER WITH THE AMOUNTS OF SUCH OFFERINGS AND THE DATES OF THEIR RESPECTIVE ISSUES, AND ALSO THE NAMES OF THOSE WHO PUBLICLY PARTICIPATED THEREIN.

2–135.

American Bridge Co.

May 11, 1900. Formed organization; underwrote 145,000 shares preferred stock and 72,500 shares common stock.

4–143.

American Telephone & Telegraph Co.

February 8, 1906. We underwrote $100,000,000 convertible fours. Associated with us were Kuhn, Loeb & Co.; Kidder, Peabody & Co.; Baring Bros. & Co. (Ltd.); J. P. Morgan & Co.

November 27, 1908. $50,000,000 bonds, same issue.

January 8, 1907. We purchased $25,000,000 5 per cent notes. Associates: Kuhn, Loeb & Co.; Kidder, Peabody & Co.; Baring Bros. & Co. (Ltd.); J. P. Morgan & Co.

2–183.

Associated Merchants Co.

April 9, 1901. We formed a syndicate and made public offering of 50,000 shares of first preferred stock.

3–35.

Atchison, Topeka & Santa Fe Railway Co.

January 8, 1902. Bought of company $30,000,000 serial 4 per cent debentures.

3–201.

December 16, 1903. Bought of company $7,000,000 general mortgage fours.

4–21.

January 18, 1905. We underwrote for the company $32,420,000 4 per cent convertible bonds. Kuhn, Loeb & Co. were associated with us.

4–219.

July 31, 1907. We bought from company $14,967,000 10-year convertible 5 per cent bonds.

5–31.

March 15, 1908. Sold account of company $3,000,000 general mortgage 4 per cent bonds.

April 28, 1908. Sold account of company $1,000,000 general mortgage 4 per cent bonds.

5–67.

August 5, 1908. Bought of company $17,000,000 of its Trans-Continental Short Line first 4 per cent bonds. Associates: First National Bank and National City Bank.

5–143.

June 1, 1909. We underwrote $28,258,000 convertible 4 per cent bonds. Associates: First National Bank and National City Bank.
6–31.

March 30, 1910. We underwrote the company's offer of $43,686,000, 4 per cent convertibles. Associates: First National Bank and National City Bank.
7–25.

January 30, 1912. Bought from company $18,300,000 California-Arizona Lines first and refunding 4½ per cent bonds. Associates: First National Bank and National City Bank.
3–81.
3–105.

Atlantic Coast Line Railroad Co.

September 29, 1902. We purchased from company $35,000,000 Atlantic Coast Line Railroad Co. 50-year collateral trust fours, 50,000 shares Atlantic Coast Line Railroad Co. stock.
4–39.

February 21, 1905. We purchased from company $1,000,000 first consolidated 4 per cent bonds.
4–201.

February 8, 1907. We purchased from company $5,000,000 3-year 5 per cent notes.
5–19.

January 28, 1908. Sold for account of company $500,000 first consolidated fours.
5–115.

March 2, 1909. We purchased from company $4,500,000 consolidated fours. Associates: First National Bank, National City Bank.
6–161.

Atlantic Coast Line Railroad Co.

April 8, 1911. Bought from company $3,000,000 unified fours. Associates: First National Bank, National City Bank.

Atlas Portland Cement Co.

August 18, 1910. We placed for the company $4,000,000 of its 2-year 6 per cent notes.
4–217

Boomer Coal & Coke Co.

July 6, 1907. Bought from company $935,000 one-year 6 per cent notes, secured by $1,100,000 5 per cent equipment notes.

Central of Georgia Railway Co.

October 23–29, 1906. We purchased from company $250,000 consolidated 5 per cent bonds.

December 4, 1906. We purchased from company $250,000 consolidated 5 per cent bonds.

September 15, 1900. We purchased from company $200,000 consolidated 5 per cent bonds.

Chesapeake & Ohio Railway Co.

April 28, 1899. Purchased of company $1,000,000 general mortgage four-and-a-halfs.

August 16, 1899. Purchased of company $948,000 4½ per cent bonds.

May 23, 1900. Purchased of company $2,750,000 general mortgage 4½ per cent bonds.

Greenbrier Railway Co.

February 14, 1901. Purchased from Cheaspeake & Ohio Railway Co. $2,000,000 of above company's first mortgage 4 per cent bonds.

January 17, 1902. Purchased of company $4,007,000 general mortgage 4½ per cent bonds.

August 14, 1902. Purchased of company $1,000,000 general mortgage 4 per cent bonds.

January 20, 1903. Purchased of company $1,000,000 general mortgage 4 per cent bonds.

October 3, 1903. Purchased of company $1,000,000 general mortgage four-and-a-halfs.

May, 1907. Purchased from company $1,200,000 one-year 6 per cent notes.

June, 1907. Purchased from company $5,000,000 three-year 6 per cent notes. Associates: Kuhn, Loeb & Co., Blair & Co.

April 24, 1908. Purchased from company $2,000,000 consolidated 5 per cent bonds. Associates: Kuhn, Loeb & Co., Blair & Co.

April 24, 1908. Purchased from company $1,500,000 6 per cent collateral notes, due July 1, 1910. Associates: Kuhn, Loeb & Co., Blair & Co.

May 20, 1908. Purchased from company $1,000,000 6 per cent collateral notes, dated April 20, 1908. Associates: Kuhn, Loeb & Co., Blair & Co.

Chesapeake & Ohio Railway Co.

December 23, 1908. Purchased from company $11,000,000 general funding and improvement mortgage 5 per cent bonds. Associate: Kuhn, Loeb & Co.

November 4, 1910. Purchased from company $2,000,000 first consolidated 5 per cent bonds. Associates: Kuhn, Loeb & Co., National City Bank.

March 18, 1910. Purchased from company $31,390,000 20-year convertible four-and-a-halfs. Associates: Kuhn, Loeb & Co., National City Bank.

August 31, 1910. Purchased from company $1,591,000 general mortgage four-and-a-halfs. Associates: Kuhn, Loeb & Co., National City Bank.

January 23, 1911. Purchased from company $1,839,000 general mortgage four-and-a-halfs. Associates: Kuhn, Loeb & Co., National City Bank.

Chicago, Burlington & Quincy Railroad Co.

January 22, 1902. Purchased of company $5,000,000 Illinois division 3½ per cent bonds.

May 12, 1903. We underwrote the offer of the company to extend its $21,699,000 7 per cent mortgage bonds due July 1, 1903, for two years at 4 yer cent.

November 14, 1904. We purchased from the company $19,699,000 4 per cent Illinois division bonds. Associate: Clark, Dodge & Co.

April 12, 1905. We purchased from the company $4,154,000 4 per cent Illinois division bonds. Associate: Clark, Dodge & Co.

February 25, 1908. We sold for account of company $16,000,000 general mortgage 4 per cent bonds. Associates: Lee, Higginson & Co., National City Bank, First National Bank.

February 16–17, 1909. We sold for the company $15,000,000 general mortgage 4 per cent bonds. Associates: Lee, Higginson & Co., National City Bank, First National Bank.

Chicago Great Western Railroad.

May, 1909. We reorganized the Chicago Great Western Railway, and formed a syndicate to buy $18,500,000 first mortgage 4 per cent bonds, $101,366.04 preferred shares voting trust certificates, $316,413.33 common shares voting trust certificates.

September 22, 1910. We sold for account of the company $2,000,000 first mortgage fours.

May 24, 1911. We sold for account of the company $2,000,000 first mortgage fours.

Chicago, Indianapolis & Louisville Railway.

April 25, 1899. We bought 25,000 shares preferred, and 52,500 shares common stock.

April 14, 1898. Purchased from company $216,000 general mortgage 6 per cent bonds.

Nov. 23, 1909. Purchased from company $1,000,000 consolidated 4 per cent gold bonds due 1952. Between December 2, 1909, and December 31, 1909, we sold for account of the company $2,000,000 consolidated 4 per cent gold bonds.

Jan. 13, 1911. Sold account company $1,500,000 consolidated fours.

Nov. 10, 1911. Sold for account of the respective companies an additional $1,875,000 consolidated fours $960,000 bonds for Chicago & Western Indiana Railroad Co., $770,000 bonds for Chicago, Indianapolis & Louisville Railway Co., $88,000 bonds for Erie Railroad Co., $57,000 bonds for Chicago & Eastern Illinois Railway Co.

August, 1912. We purchased from company $10,000,000 three-year 5 per cent mortgage notes.

Elgin, Joilet & Eastern Railway Co.

November 16, 1898. We made public offering of $7,417,000 of above company's first 5 per cent bonds. These bonds were brought from company prior to December 31, 1897.

December 14, 1901. Purchased from company $500,000 5 per cent mortgage bonds.

Erie Railroad Co.

April 17, 1900. Purchased from company $1,000,000 prior lien fours.

December 5, 1900. Purchased from company $1,000,000 prior lien fours.

December 10, 1900. Purchased from Company $1,000,000 general lien fours.

December 18, 1900. Purchased from company $903,000 general lien fours.

April 25, 1901. Purchased from company $548,000 prior lien fours.

February 26, 1902. Purchased from company $1,028,000 general lien 4 per cent bonds.

May 1, 1903. Underwrote offer of company to stockholders of $10,000,000 convertible 4 per cent bonds, series A.

January 9, 1904. Purchased from company $1,000,000 prior lien fours.

June, 1904. Purchased from company $637,000 Erie, Pa., collateral 4 per cent bonds.

August 25, 1904. Purchased from company $891,000 Chicago & Western Indiana general-mortgage 4 per cent bonds.

October 5, 1906. We made a loan to company $5,000,000 for six months. Associate: First National Bank.

April 4, 1907. We discounted $5,500,000 unsecured one-year notes.

April 4, 1908. We offered for account the company to the holders of the one-year notes due April 8, 1908, $5,500,000 three-year notes, 6 per cent, dated April 8, 1908.

April 6, 1908. We purchased another lot of $5,000,000 of the above notes.

May 27, 1909. We purchased $4,086,000 of the same notes.

June, 1908. Sold for account of company $847,000 of their extended Buffalo & Southwestern division second-lien fives.

February 23, 1911. Purchased from company $12,500,000 three-year 6 per cent collateral notes, dated April 8, 1911. Associate: First National Bank and National City Bank.

June 30, 1911. We loaned the company $700,000 for one year on notes of the Long Dock Co.

September 27, 1911. Purchased from the company $4,550,000 three-year 5 per cent collateral notes. Associates: First National Bank and National City Bank.

April 3, 1912. We purchased from the company $10,000,000 three-year 5 per cent notes of April, 1912. Associates: First National Bank and National City Bank.

Federal Steel Co.

September 9, 1898. Company organized We bought 532,610 shares preferred and 464,843 shares common stock.

Florida East Coast Railway Co.

June 17, 1909. We purchased from company $10,000,000 first-mortgage 4½ per cent bonds. Associates: First National Bank and National City Bank.

Hartford Carpet Corporation.

January 10, 1901. We underwrote the consolidation of the E. S. Higgins Carpet Co. with the Hartford Carpet Co. Associate: Kidder, Peabody & Co.

Hocking Valley Railway (Columbus, Hocking Valley & Toledo Railway Co. reorganization).

May 25, 1899. We bought $4,000,000 4½ per cent bonds of new company, 12,500 shares preferred stock, 51,420 shares common stock, $1,401,000 Columbus & Hocking Valley sevens (extended at 4 per cent).

August 18, 1899. Bought of Hocking Valley Railway Co. $1,000,000 4½ per cent bonds.

June 19, 1900. Bought from company $308,000 consolidated mortagage 4½ per cent bonds.

August 10, 1900. Bought from company $600,000 4½ per cent bonds.

December 18, 1900. Bought from company $162,000 consolidated mortgage 4½ per cent bonds; and on—

January 23, 1901. $1,000,000 additional.

July 15, 1901. Bought from company $2,750,000 Kanawha & Hocking Coal & Coke Co. first fives.

April 26, 1902. Bought from company $1,000,000 consolidated 4½ per cent bonds.

January 19, 1903. Bought from company $160,000 consolidated 4½ per cent bonds.

May —, 1903. Bought from company $760,000 consolidated four-and-a-halfs.

February 2, 1904. Bought from company $1,000,000 consolidated four-and-a-halfs.

March 13, 1905. We underwrote their offer to extend at 4 per cent $2,479,000 Columbus & Toledo Railroad Co. bonds due August 1, 1905.

February 13, 1906. Bought from company $1,000,000 consolidated mortgage 4½ per cent bonds.

January 17, 1908. Bought from company $382,000 4½ per cent bonds.

November 1, 1909. We sold for account of Hocking Valley Railway $2,250,000 Kanawha & Michigan Railway second mortgage fives; and we sold for account of Toledo & Ohio Central Railroad $250,000 Kanawha & Michigan Railway second mortgage fives.

March 31, 1910. We bought from the company $1,584,000 first consolidated 4½ per cent bonds. Associates: Kuhn, Loeb & Co., National City Bank.

Inspiration Consolidated Copper Co.

January 6, 1912. We underwrote $20,000,000 of this company's securities.

International Harvester Co.

July 25, 1902. Formed organization. Bought $25,500,000 stock.

January 11, 1912. We purchased from the company $15,000,000 three-year 5 per cent notes dated February 15. Associates: First National Bank, National City Bank.

International Mercantile Marine Co. (Steamship Lines Combination).

In 1902. New company formed, with 600,000 shares preferred stock, 600,000 shares common stock, and $50,000,000 25-year 4½ per cent debentures.

April, 1902. We underwrote the above securities.

January 24, 1903. We bought $6,330,000 International Navigation Co. first-mortgage bonds.

J. I. Case Threshing Machine Co.

January 2, 1912. We sold for company $8,000,000 preferred stock.

Lehigh Valley Railroad Co.

May, 1909. Purchased from company $3,000,000 general mortgage 4 per cent bonds. Associates: Drexel & Co.

July 1, 1912. We purchased from the Erie Railroad Co. $700,000 one-year 6 per cent notes of Long Dock Co.

Louisville & Nashville Railroad and Southern Railway Co.

May 20, 1902. We offered for account of above companies to Chicago, Indianapolis and Louisville stockholders to exchange their stock for the above companies' joint 4 per cent collateral bonds at 90 per cent bonds for preferred stock and 78 per cent bonds for common stock. We also purchased about $8,500,000 of those companies' joint Monon collateral 4 per cent bonds.

Louisville & Nashville Railroad Co.

February 24, 1903. Purchased from company $23,000,000 5 per cent collateral trust fours.

February 5, 1906. Purchased from company $10,000,000 Atlanta, Knoxville & Cincinnati Division 4 per cent bonds. Associate: First National Bank.

February 8, 1907. Purchased from company $6,500,000 three-year 5 per cent notes.

January 28, 1908. Sold account of company $3,000,000 Louisville & Nashville unified fours.

January 26, 1909. We purchased from the company the bonds held as collateral to the Louisville & Nashville 5–20-year collateral fours; $18,200,000 Louisville and Nashville unified 4 per cent; $4,619,000 Louisville & Nashville, Paducah & Memphis Division; $2,500,000 Louisville & Nashville Terminal Co. bonds; $4,045,000 South & North Alabama Cons. 5 per cent; $500,000 Pensacola & Atlanta 6 per cent bonds. Associates: First National Bank, National City Bank.

April 13, 1911. Purchased from company $10,000,000 Louisville & Nashville, Atlanta, Knoxville and Cincinnati division fours. Associates: First National Bank, National City Bank.

New Jersey & New York Railroad Co.

March 29, 1910. We sold for account Erie Railroad Co. $400,000 New Jersey & New York Railroad 5 per cent extended bonds.

Paterson Extension Railroad Co.

March 29, 1910. We underwrote for the New York, Susquehanna & Western the extension of $200,000 Paterson Extension Railroad first sixes maturing June 1, 1910.

Passaic & New York Railroad Co.

November 14, 1910. We underwrote for New York, Susquehanna & Western Railroad Co. extension of $70,000 of above company's first mortgage 6 per cent bonds maturing December 1, 1910.

Bergen County Railroad Co.

February 1, 1911. We underwrote for the Erie Railroad Co. the extension of $200,000 of above company's first mortgage 6 per cent bonds maturing April 1, 1911, for 10 years at 5 per cent.

New York Central & Hudson River Railroad Co.

May 11, 1904. Bought from company $30,000,000 30-year 4 per cent debentures.

January 5, 1907. Sold account of company $25,000,000 three-year 5 per cent notes.

January 11, 1908. Sold for account of vendors New York Central Lines 5 per cent equipment trust of 1907, $30,000,000, 15 series at $2,000,000 each, 1908 to 1922.

June 12, 1908. Bought of company $13,000,000 30-year 4 per cent debentures of 1934 Associates: First National Bank, National City Bank.

June 22, 1910. Sold for account of vendors $22,500,000 New York Central Lines 4½ per cent equipment trust of 1910, series of $1,500,000 maturing each year from 1911 to 1925, inclusive.

November 25, 1910. We sold $7,500,000 more of these equipments. Associates: First National Bank, National City Bank.

November 3, 1911. Sold account of company $25,000,000 three-year 4½ per cent notes.

Valley 4 per cent bonds. Associates: First National Bank, National City Bank.

Lake Shore & Michigan Southern Railway Co.

January 8, 1903. Bought from company $25,000,000 Lake Shore & Michigan Southern Railway Co. one-year 5 per cent notes.

November 13, 1903. Bought from company $40,000,000 4 per cent debentures. Associates: National City Bank, First National Bank.

May 10, 1905. Bought from company $10,000,000 debentures, fours.

February 15, 1906. Bought from company $35,000,000 25-year 4 per cent debentures of 1906.

January 5, 1907. Sold account of company $15,000,000 three-year 5 per cent notes.

April 17, 1908. Sold for account of company $15,150,000 Chicago, Indiana & Southern Railroad Co. 4 per cent bonds. Associates: First National Bank, National City Bank.

February 28, 1910. Sold for account of company $15,000,000 4 per cent debentures of 1931. Associates: First National Bank, National City Bank.

March 17, 1910. We discounted in Paris $8,500,000 one-year French notes for account of the company. Associates: First National Bank, National City Bank.

February 6, 1911. We sold in Paris for account of company 60,000,000 francs, one-year notes. Associates: First National Bank, National City Bank.

February 19, 1912. We sold in Paris 25,000,000 francs, one-year notes. We sold in London £1,400,000 one-year notes. Associates: First National Bank, National City Bank.

Detroit River Tunnel Co.

May 25, 1911. We sold for account of Michigan Central Railroad Co. $14,000,000 Detroit River Tunnel Co.'s terminal and tunnel first mortgage 50-year 4½ per cent bonds. Associates: First National Bank, National City Bank.

Jamestown, Franklin & Clearfield Railroad Co.

February 28, 1910. Sold for account of Lake Shore $11,000,000 first 4 per cent bonds of the above company. Associates: First National Bank, National City Bank.

Louisville & Jeffersonville Bridge Co.

April 27, 1909. Sold for Cleveland, Cincinnati, Chicago & St. Louis Railway Co. $1,000,000 of above company's 4 per cent bonds.

Beech Creek Extension Railroad Co.

March 22, 1901. Bought from New York Central & Hudson River Railroad Co., $3,500,000 of the above company's first mortgage 3½ per cent bonds.

Boston & Albany Railroad Co.

December 19, 1901. Bought of New York Central & Hudson River Railroad Co., $3,858,000 Boston & Albany 3½ per cent refunding bonds.

November 17, 1902. Bought from New York Central, $1,000,000 Boston & Albany 3½ per cent terminal bonds.

Canada Southern Railway Co.

March 7, 1906. Bought from above company, Toledo, Canada Southern & Detroit Railway Co., $1,600,000 50-year first 4 per cent bonds.

Cleveland, Cincinnati, Chicago & St. Louis Railway Co.

January 4, 1897. Bought from company, $1,000,000 general 4 per cent bonds.

January 5, 1900. Bought from company, $1,000,000 general mortgage fours.

April 21, 1902. Bought from company, $800,000 general mortgage 4 per cent bonds.

April 7, 1904. Bought from company, $1,000,000 general mortgage 4 per cent bonds.

May 4, 1904. Bought from company, $3,000,000 Chicago, Indianapolis & St. Louis Short Line first fours. Associates: Harvey Fisk & Sons.

Fr
]
As
]
]
oi
]
or
oi
ie
J
l
ar
A
[ ]
J
en
J
at
it
O
ac
O
on
O
ort
ig
M
st
an
Ju
ad
as
O
ail
est
Fe
te

May 17, 1912. We purchased from the company $12,000,000 1-year notes dated June 10. Associates: First National Bank, National City Bank.

New York, Ontario & Western.

September 13, 1905. We purchased from the company $2,000,000 general mortgage 4 per cent bonds. Associates: Kuhn, Loeb & Co.

Northern Pacific Railway Co.

Jan. 20, 1898. We purchased from company $2,535,000, prior lien 4s. Associate. Deutsche Bank.

February 4, 1898. We purchased from company 40,863 shares preferred stock trust certificates. Associates: J. S. M. & Co., Deutsche Bank.

June 29, 1898. We purchased from company $672,000 prior lien 4s. Associate: Deutsche Bank.

November 1, 1898. We purchased from company $1,500,000 prior lien 4s. Associate: Deutsche Bank.

May 16, 1899. We purchased from company $1,000,000 prior lien 4 per cent bonds. Associate: Deutsche Bank.

May 2, 1900. We purchased from company $9,215,000 St. Paul & Duluth Div. 4 per cent mortgage bonds. Associate: Deutsche Bank.

December 28, 1900. We purchased from company $4,107,000 prior lien 4s. Associate: Deutsche Bank.

September 21, 1901. We purchased from company $2,500,000 prior lien 4 per cent bonds. Associate: Deutsche Bank.

May 9, 1902. We purchased from company $2,024,000 prior lien 4s. Associate: Deutsche Bank.

October 6, 1902. We purchased from company $1,341,000 prior lien 4s. Associate Deutsche Bank.

July 17, 1903. We purchased from company $1,500,000 prior lien 4s. Associate: Deutsche Bank.

Chicago, Burlington & Quincy Railraod Co.

April 26, 1901. We purchased from the Great Northern and Northern Pacific $215,155,000 of those companies joint 4s, secured by Chicago, Burlington & Quincy stock as collateral.

Pennsylvania Coal Co. purchase.

December, 1900. We purchased for account of Erie Railroad Co. 100,000 shares Pennsylvania Coal Co. stock. We purchased from the company $32,000,000 Erie Railroad Pennsylvania collateral trust 4 per cent bonds.

Buffalo & Southwestern Railroad Co.

June —, 1908. We underwrote the Erie Railroad Co. offer to extend the above named company's $1,500,000 first-mortgage 6 per cent bonds.

Jefferson Railroad Co.

November 30, 1908. We underwrote the offer to extend $2,800,000 5 per cent bonds due January 1, 1909.

Midland Railroad Co. of New Jersey.

January 26, 1910. We underwrote for the New York, Susquehanna & Western the offer of that company to extend $3,500.000 of the above company's first-mortgage 6 per cent bonds.

Pennsylvania Railroad Co.

March 29, 1905. We underwrote $100,000,000 Pennsylvania 3½ per cent 10-year convertible bonds, due October 1, 1915. Associates: Kuhn, Loeb & Co.

February 27, 1911. Purchased of company $8,000,000 five-year 6 per cent collateral notes.

Reading Co.

December 9, 1898. Purchased from company $2,100,000 general mortgage 4 per cent bonds.

January 31, 1901. Purchased $23,000,000 Reading Co. Jersey Central collateral fours which were issued to pay for 145,000 shares Central Railroad of New Jersey stock deposited as collateral against the bonds. Associates: Drexel & Co.

January, 1911. Sold for account of company $18,811,000 general mortgage fours. Associates: Drexel & Co., First National Bank, National City Bank.

St. Louis & San Francisco Railroad Co.

February 6, 1903. Purchased of company $2,500,000 refunding 4 per cent bonds.
February 26, 1903. $2,500,000 additional bonds.
April 25, 1903. $1,265,000 additional bonds.

Southern Railway Co.

June 30, 1898. Bought of company $1,000,000 first consolidated fives.
March 30, 1899. Bought of company $1,000,000 first consolidated fives.
April 25, 1900. Bought of company $1,396,000 consolidated fives.
June, 1900. Bought of company $3,123,000 consolidated fives.

Louisville, Evansville & St. Louis Railroad Co.

Under an agreement with the Southern Railway dated June 21, 1900, we secured under a plan of reorganization the following bonds by deposit or purchase from holders:

Louisville, Evansville & St. Louis Consolidated Railroad Co. consolidated fives	$3,797,500
Louisville, Evansville & St. Louis Consolidated Railroad Co. general fours	2,977,000
Louisville, Evansville & St. Louis Railroad Co. first mortgage sixes	2,000,000
Louisville, Evansville & St. Louis Railroad Co. second mortgage sixes	670,000
Evansville, Rockport & Eastern Ry. first mortgage sixes	900,000
Huntingburg, Tell City & Cannelton R. R. first sixes	290,000

The Southern Railway Co. delivered in exchange $7,462,630 of its St. Louis division first mortgage fours, of which $4,735,555 went to holders of the old bonds, and the remaining $2,727,075 belonged to the company for old bonds purchased.

On January 17, 1901, we sold for account of the Southern Railway $6,015,000 St. Louis division fours (which included the above $2,727,075 bonds), this being the remainder of the $10,750,000 new bonds issued for reorganization purposes.

January 31, 1901. For account of the Southern Railway, we offered to holders of Mobile & Ohio Railroad Co. general mortgage fours the privilege of exchanging for a like amount of Southern Railway Mobile & Ohio collateral fours; and to Mobile & Ohio stockholders the privilege of exchanging for a like amount of Mobile & Ohio stock trust certificates. $7,856,000 old bonds were deposited, and 48,985 shares of stock.

November 22, 1901. Bought of company $500,000 St. Louis division first mortgage fours.

August 20, 1902. Bought of company $1,500,000 first consolidated fives.

August 23, 1903. Sold for account of company $1,000,000 first consolidated fives.

September 10, 1903. Sold for account of company $933,000 first consolidated fives.

December 23, 1903. Bought of company $2,000,000 consolidated fives.

August 3, 1904. Bought of company $1,000,000 consolidated fives.

December 15, 1904. Bought of company $500,000 consolidated fives.

December 15, 1904. Bought of company $500,000 St. Louis Division first fours.

February 21, 1905. We loaned the company $2,000,000 at 5 per cent, payable in six semiannual installments. Associate: First National Bank.

November 13, 1905. We loaned the company $2,750,000 on its 5 per cent notes running for nine months. Associate: First National Bank.

December 18, 1905. Bought of company $2,000,000 consolidated fives. Associate: First National Bank.

[redacted]

February 5, 1906. Bought from company $500,000 consolidated fives.
January 20, 1906–June 17, 1907. Bought of company $20,000,000 development fours.
June 13, 1906. Bought of company $500,000 St. Louis Division first fours.
June 18, 1906. Bought of company $1,000,000 consolidated fives.
October 15, 1906. $1,000,000 additional.
December 20, 1906. $1,350,000 additional.
October 28, 1907. $1,950,000 additional.
November, 1906. We underwrote the offer of the Southern Railway to extend $5,500,000 Atlanta & Charlotte Air Line Railway bonds; $4,250,000 first mortgage sevens; $500,000 preference mortgage; 750,000 incomes.
January 2, 1907. Bought of company $15,000,000 three-year 5 per cent notes.
May 11, 1908. We underwrote $15,000,000 three-year convertible 6 per cent notes, dated May 1, 1908.
February 23, 1909. Bought of company $21,333,000 development and general mortgage fours.
April 15, 1909. Bought of company $5,000,000 development and general mortgage fours.
May 1, 1909. $15,000,000 development and general mortgage fours. Associates: First National Bank, National City Bank.
March, 1909. We arranged with the company to exchange—

Richmond & Danville 6 per cents, 1915	$1,173,000
Western & North Carolina, 1914	87,000
Columbia & Greenville, 1916	50,000
Virginia Midland 6 per cent, Series "B," 1911	68,000
	1,378,000

For a like amount of Southern 5 per cent bonds—
September 20, 1909. Bought from company $5,000,000 5 per cent consolidated bonds Associates: First National Bank, National City Bank.
January 13, 1910. Bought of company $10,000,000 three-year 5 per cent notes, dated February 1, 1910.
February 7. Bought of company $1,500,000 first consolidated fives.

Terminal Railroad Association of St. Louis.

September 15, 1902. Purchased of company $8,000,000 general mortgage refunding 4 per cent sinking-fund bonds.
January —, 1903. $5,000,000 general mortgage refunding 4 per cent sinking-fund bonds. Associates: Redmond, Kerr & Co.
October 28, 1902. Purchased of company $400,000 first consolidated mortgage fives.
March 2, 1908. We sold for the company $300,000 refunding mortgage 4 per cent bonds.
March 16, 1908. We sold for the company $300,000 more.
May 18, 1908. We sold for the company $700,000 more.

United Dry Goods Cos.

May —, 1909. We purchased 100,000 shares preferred, and also 22,500 shares common.
June 24, 1910. We bought for account of the United Dry Goods Cos. 9,750 shares of Lord & Taylor second preferred stock. We also bought 19,394 shares United Dry Goods Cos. stock.

United States Motor Co.

August 30, 1910. We sold $1,750,000 6 per cent notes, due August 30, 1911.

United States Rubber Co.

March 1, 1908. Purchased from company $8,000,000 collateral funding 5 per cent notes. Associates: First National Bank, Blair & Co., Kidder, Peabody & Co.

following securities:

Carnegie Steel Co.	
Federal Steel Co.	
National Steel Co.	
National Tube Co.	
American Steel & Wire Co.	
American Tin Plate Co.	
American Sheet Steel Co.	
American Steel Hoop Co.	
American Bridge Co.	
Lake Superior Consolidated Iron Mines	
Oliver Iron Manufacturing Co.	
Pittsburgh Sheet Steel Co.	

Carnegie steel bonds, $160,000,000, and also to ad for the corporation. The Steel Corporation delivere 5,083,364 plus preferred shares, 5,061,100 plus, commo

The syndicate received the stock which remained effected and later became a participant in the Unite retirement syndicate.

United States Steel Corporati

March 12, 1902. We formed a syndicate of $100,000,(10/60 years 5 per cent sinking-fund bonds to provide for preferred stock. These bonds were paid for in 80 per c cent cash.

Tennessee Coal, Iron & Railroa

October 27, 1909. For account of the United States S Tennessee Coal, Iron & Railroad Co. stock in exchange fo tion sinking fund 5 per cent bonds.

Exchanged 290,862.15 shares full paid, 205,625 sh $35,624,476.19 bonds.

Illinois Steel Co.

June 27, 1911. Purchased from the United States Stee nois Steel Co. 4½ per cent debentures. Associates: Fi City Bank.

United States Steel Corporatio

March 26, 1912. Purchased from corporation $15,000 fives, $10,000,000 National Tube Co. first fives, $5,500,(cent debentures. Associates: First National Bank, Nati

Virginia-Carolina Chemical Co. l

August 10, 1903. Formed syndicate to buy $7,000,000

SUPPLEMENTAL LIST OF INTERSTATE CORPORATIONS, THE SECURITIES OF WHICH HAVE BEEN OFFERED PUBLICLY BY J. P. MORGAN & CO., FROM NOVEMBER 1, 1912, TO JANUARY 22, 1913, TOGETHER WITH THE AMOUNTS OF SUCH OFFERINGS AND THE DATES OF THEIR RESPECTIVE ISSUES, AND ALSO THE NAMES OF THOSE WHO PUBLICLY PARTICIPATED THEREIN.

Portland Terminal Co.

November 7, 1912. We sold $4,500,000 first mortgage 4 per cent bonds of that company. Associates: First National Bank, National City Bank.

Boston & Albany Equipment Trust of 1912.

November 12, 1912. We sold for account of the New York Central $5,220,000 Boston & Albany 4½ per cent equipments. Associates: First National Bank, National City Bank.

New York, New Haven & Hartford Railroad Co.

November 18, 1912. We purchased from the company $40,000,000 of its 1-year 5 per cent notes dated December 2. Associates: First National Bank, National City Bank.

Canada Southern Railway Co.

November 29, 1912. We sold $22,500,000 consolidated guaranteed 50-year 5 per cent bonds, series "A." Associates: First National Bank, National City Bank.

Kansas City Terminal Railway Co.

December 31, 1912. We purchased from the company $10,000,000 first mortgage 4 per cent bonds. Associates: Lee, Higginson & Co., Illinois Trust & Savings Bank, Chicago.

INVESTIGATION

OF

FINANCIAL AND MONETARY CONDITIONS IN THE UNITED STATES

UNDER

HOUSE RESOLUTIONS NOS. 429 AND 504

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY

PART 27

WASHINGTON
GOVERNMENT PRINTING OFFICE
1913

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY.

HOUSE OF REPRESENTATIVES.

ARSÈNE P. PUJO, Louisiana, *Chairman.*

WILLIAM G. BROWN, West Virginia.	GEORGE A. NEELEY, Kansas.
ROBERT L. DOUGHTON, North Carolina.	HENRY McMORRAN, Michigan.
HUBERT D. STEPHENS, Mississippi.	EVERIS A. HAYES, California.
JAMES A. DAUGHERTY, Missouri.	FRANK E. GUERNSEY, Maine.
JAMES F. BYRNES, South Carolina.	WILLIAM H. HEALD, Delaware.

R. W. FONTENOT, *Clerk.*
A. M. MCDERMOTT, *Assistant Clerk.*

of the Amalgamated Copper Co., in 1898?

Mr. ROCKEFELLER. I do.

Mr. UNTERMYER. Was it in 1898?

Mr. ROCKEFELLER. I think it was in 1899.

Dr. CHAPPELL. Mr. Chairman, I would like to take the liberty of drawing your attention to Mr. Rockefeller's condition at the present moment. He is showing some symptoms which precede these spasms of the larnyx, and I strongly urge you not to proceed, as in doing so you are certainly endangering his life at the present moment. Since my appearance before the committee in Washington a new and more serious development has occurred in Mr. Rockefeller's throat. You can see his general shaking now, and he is at this moment on the verge of a spasm of the larnyx, which might choke him.

The CHAIRMAN. I will ask you to be sworn, Dr. Chappell. Do you solemnly swear that the statement you have made with reference to the present condition of Mr. Rockefeller is true and correct according to your knowledge as a physician and your judgment as an expert?

Dr. CHAPPELL. I do.

Mr. UNTERMYER. Mr. Rockefeller, you have heard Dr. Chappell's statement. Do you feel in such a condition that you think it unsafe to proceed further?

Mr. ROCKEFELLER. I certainly do.

The CHAIRMAN. The Chair states that, in view of the declaration by Dr. Chappell, under oath, and also that of the witness, Mr. Rockefeller, besides what is manifest from the appearance and condition of the witness, no further proceedings will be had at this time.

Mr. UNTERMYER. I should be unwilling to go further with the examination at this time, from what I have just heard and observed as to Mr. Rockefeller's condition.

Whereupon an adjournment was taken.

INVESTIGATION

OF

FINANCIAL AND MONETARY CONDITIONS IN THE UNITED STATES

UNDER

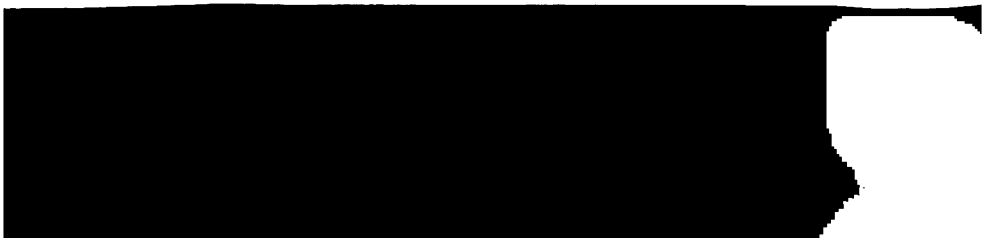
HOUSE RESOLUTIONS NOS. 429 AND 504

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY

PART 28

WASHINGTON
GOVERNMENT PRINTING OFFICE
1913



SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY.

HOUSE OF REPRESENTATIVES.

ARSÈNE P. PUJO, Louisiana, *Chairman.*

WILLIAM G. BROWN, West Virginia.	GEORGE A. NEELEY, Kansas.
ROBERT L. DOUGHTON, North Carolina.	HENRY McMORRAN, Michigan.
HUBERT D. STEPHENS, Mississippi.	EVERIS A. HAYES, California.
JAMES A. DAUGHERTY, Missouri.	FRANK E. GUERNSEY, Maine.
JAMES F. BYRNES, South Carolina.	WILLIAM H. HEALD, Delaware.

R. W. FONTENOT, *Clerk.*
A. M. McDERMOTT, *Assistant Clerk.*

SUBCOMMITTEE OF THE
COMMITTEE ON BANKING AND CURRENCY,
HOUSE OF REPRESENTATIVES.
Jekyl Island, Ga., Friday, February 7, 191

Present: Mr. Pujo (chairman) and Samuel Untermyer, Esq., counsel for the committee.

Present also: John A. Garver, Esq., and A. J. Crovatt, Esq., counsel for Mr. Rockefeller, and Dr. Walter F. Chappell.

TESTIMONY OF WILLIAM ROCKEFELLER.

Mr. Rockefeller was sworn by the chairman.

Mr. ROCKEFELLER. I am urgently advised and warned by my physician that this examination is attended with very serious danger on account of the precarious condition of my throat. I desire, however, to make the effort, as I have not now and never have had any disposition to avoid testifying before your committee, except as I have been cautioned by my physicians that doing so would endanger my life. If I find that the strain is too great for me to take further risk, I shall have to ask your indulgence in not pressing the examination further. As I have lost my voice, I would esteem it a privilege if you would permit me to whisper my answers to the official stenographer who sits beside me, and who will read them aloud. It is impossible for me to write them.

Mr. UNTERMYER. Mr. Rockefeller, the chairman will expect you and your physicians to advise us if you feel at any time your condition becomes such as to render further examination inadvisable. It must be clearly understood that neither the chairman nor counsel care to or are willing to assume any responsibility whatever on such a subject. You and your physician are the best judges of the situation, and we shall have to rely upon you under the circumstances disclosed by the testimony before the committee as to your physical condition. On that understanding we will proceed with the examination.

What is your residence?

Mr. ROCKEFELLER. Six hundred and eighty-nine Fifth Avenue, New York City.

Mr. UNTERMYER. Referring to the statement just made by you, Mr. Rockefeller, it is currently reported that your health is such that you are able to play golf and indulge in sports of that sort. What is the fact as to that?

Mr. ROCKEFELLER. I have never played a game of golf in my life. I try to take open-air exercise every day. That is the extent of my amusement—taking outdoor exercise.

Mr. UNTERMYER. Do you recall the occasion of the organization of the Amalgamated Copper Co., in 1898?

Mr. ROCKEFELLER. I do.

Mr. UNTERMYER. Was it in 1898?

Mr. ROCKEFELLER. I think it was in 1899.

Dr. CHAPPELL. Mr. Chairman, I would like to take the liberty of drawing your attention to Mr. Rockefeller's condition at the present moment. He is showing some symptoms which precede these spasms of the larnyx, and I strongly urge you not to proceed, as in doing so you are certainly endangering his life at the present moment. Since my appearance before the committee in Washington a new and more serious development has occurred in Mr. Rockefeller's throat. You can see his general shaking now, and he is at this moment on the verge of a spasm of the larnyx, which might choke him.

The CHAIRMAN. I will ask you to be sworn, Dr. Chappell. Do you solemnly swear that the statement you have made with reference to the present condition of Mr. Rockefeller is true and correct according to your knowledge as a physician and your judgment as an expert?

Dr. CHAPPELL. I do.

Mr. UNTERMYER. Mr. Rockefeller, you have heard Dr. Chappell's statement. Do you feel in such a condition that you think it unsafe to proceed further?

Mr. ROCKEFELLER. I certainly do.

The CHAIRMAN. The Chair states that, in view of the declaration by Dr. Chappell under oath, and also that of the witness, Mr. Rockefeller, besides what is manifest from the appearance and condition of the witness, no further proceedings will be had at this time.

may be terminated by a majority of the voting trustees in their discretion.

This certificate is transferable on the books of the voting trustees or their agents, on surrender hereof, by the registered holder in person or by attorney duly authorized, and until so transferred the voting trustees may treat the registered holder as the owner of this certificate for all purposes whatsoever.

This certificate is not valid unless duly signed on behalf of the voting trustees by their agents, and also registered by ——— ———, as registrar.

In witness whereof, the voting trustees have caused this certificate to be signed by their duly authorized agents, this ——— day of ———, 19—.

——— ———
Voting Trustees

——— ——— by their agents hereunder.

Registered:

——— ———, *Registrar.*

By ——— ———

The said stock trust certificates shall be transferable only on the books of the voting trustees, to be kept by them or their agents, on surrender thereof, by the registered holder in person or by attorney duly authorized, and in accordance with rules from time to time established for that purpose by the voting trustees, and, until so transferred, the voting trustees may treat the registered holders as the owners of said stock trust certificates for all purposes whatsoever. Such transfer books may be closed by the voting trustees at any time prior to the holding of meetings, or the payment of dividends, or for any other purpose.

Second. This agreement shall terminate in any event on January 3, 1915, without notice by or action of the voting trustees; but at any time it may be terminated by a majority of the voting trustees, in their discretion, after at least thirty days' notice of intention to terminate the same shall have been given, according to the provisions of article ninth hereof. On January 3, 1915, or upon the earlier termination of this agreement as above specified, the voting trustees, in exchange for or upon surrender of any stock trust certificate then outstanding, shall, in accordance with the terms thereof, and out of the stock certificates so received and held by them, deliver stock certificates to the holders of stock trust certificates, and thereupon all liability of the voting trustees for delivery of said stock certificates shall terminate; and the voting trustees may require the holders of stock trust certificates to exchange their certificates for stock certificates accordingly. In case upon or after the termination of this agreement the voting trustees shall deposit with the Trust Company stock certificates so held by them, properly indorsed for transfer in blank, representing the number of shares of stock of the Trust Company called for by the stock trust certificates outstanding, with authority in writing to the Trust Company to deliver the said stock certificates in exchange for stock trust certificates when and as surrendered for exchange as herein provided, then all further liability of the voting trustees, or of any of them, for the delivery of stock certificates in exchange for stock trust certificates shall cease and determine.

Third. From time to time hereafter the voting trustees may receive any additional stock certificates of the Trust Company, and, in respect of all such stock certificates so received, will issue and deliver stock trust certificates in form corresponding to those above specified, and entitling the holders to the rights therein and herein provided.

In case the voting trustees shall receive any stock certificates of the Trust Company issued by way of dividend upon stock certificates held by them under this agreement, the said voting trustees shall hold such stock certificates likewise subject to the terms of this agreement, and shall issue stock trust certificates representing such stock certificates to the respective registered holders of the then outstanding stock trust certificates entitled to such dividend.

The voting trustees may permit sufficient shares to be withdrawn and released from this agreement, from time to time, to permit the qualification of one or more individuals to act as directors of the trust company under the laws of New York, such withdrawal and release to be made upon surrender to the voting trustees of stock trust certificates in respect of such amount of stock. Each such release of stock hereunder, however, shall be only to an amount sufficient to meet the requirements of the law with respect to the qualification of such directors, and shall be made only to a person nominated for election as a director by the voting trustees, and in such manner and upon such terms as may be necessary to complete such qualification of such

arrangements as may be practicable to provide for the redeposit hereunder of any such released stock in exchange for stock-trust certificates, when the holder shall have ceased to be a director of the trust company.

Fourth. Any voting trustee may at any time resign by delivering to the other voting trustees in writing his resignation to take effect 10 days thereafter. In case of the death or the resignation or the inability to act of any voting trustee, the vacancy occurring in his office shall be filled by the appointment of a successor or successors to be named by the surviving voting trustees. The term voting trustees, as used in this agreement and in said stock-trust certificates, shall apply to the parties of the second part and their successors at any time hereunder.

Fifth. The voting trustees may adopt their own rules of procedure. The action of a majority of the voting trustees expressed from time to time at a meeting, or by writing with or without a meeting, shall, except as otherwise herein provided, constitute the action of the voting trustees and have the same effect as though assented to by all. Any voting trustee may vote or may act in person or by proxy, and may be a director or an officer of the trust company, and may vote for himself as such. The voting trustees may exercise any power or perform any act hereunder by an agent or attorney appointed in writing.

Sixth. The voting trustees shall have full power from time to time and at any time to cause the stock certificates to be transferred into their own names or into the names of their nominees; but as holders of said stock they assume no liability as stockholders, their interest hereunder being that of trustees merely. In voting the stock represented by the stock certificates, the voting trustees will exercise their best judgment from time to time to secure the election of suitable directors of the trust company, to the end that its business and affairs shall be properly managed, and in voting and in acting on other matters the voting trustees will likewise exercise their best judgment; but they assume no responsibility in respect of such management or in respect of any action taken by them or taken in pursuance of their consent thereto, or in pursuance of their vote so cast, and no voting trustee shall incur any responsibility, as stockholder, trustee, or otherwise, by reason of any error of law, or of any matter or thing done or suffered or omitted to be done under this agreement, except for his own individual willful malfeasance.

Seventh. Until the actual transfer of stock certificates in exchange for stock-trust certificates hereunder, the voting trustees shall possess and shall be entitled in their discretion to exercise, in person or by their nominees, in respect of any and all said stock, the right to vote thereon for every purpose and to consent to any corporate act of said company, as though absolute owners of said stock, it being expressly stipulated that no voting right passes to others by or under said stock-trust certificates, or by or under this agreement, or by or under any agreement, expressed or implied.

The voting trustees are specifically authorized in the exercise of their unrestricted discretion, in respect of any and all stock of the trust company subject to this agreement, to vote for or to consent to any increase of the capital stock of the corporation that lawfully may be submitted for action by the stockholders. In case any increased stock of the trust company shall be offered to the stockholders for subscriptions, then, in such case, upon receiving from the holder of any stock-trust certificate, prior to the time limited by the trust company for subscription and payment, a request to subscribe in his behalf and the money required to pay for a stated amount of such increased stock (not in excess of the ratable amount subscribable in respect of the stock represented by such certificate), the voting trustees will make such subscription and payment, and upon receiving from the trust company the certificates for the stock so subscribed for, will issue stock-trust certificates in respect thereof to the stock-trust certificate holder who shall have made such request and payment. Unless such increased stock shall have been offered first to the stockholders for subscription, the voting trustees will not authorize any sale or disposition of the same for any purpose (other than the purposes of a merger agreement hereinbelow authorized to be approved) without the consent of the holders of stock-trust certificates in respect of two-thirds of the capital stock of the trust company subject to this agreement.

The voting trustees also are specifically authorized to vote any and all stock subject to this agreement in favor of approving the merger into the trust company of the Morton Trust Co. and the Fifth Avenue Trust Co. pursuant to the provisions of the agreement made by the boards of directors of the three corporations under date of January 5, 1910, and also in favor of approving any other merger and merger agreement that shall have been submitted for approval to the stockholders by the board of directors of the trust company; and upon such merger agreement becoming effective, to make such surrender of stock of the trust company, subject to this agreement, as

also any and all other stock of the trust company issued pursuant to the provisions of said merger agreement that may be transferred to the voting trustees by the persons to whom such stock shall have been issued or shall be issuable.

Eighth. For the purposes of this agreement, any consent or request in writing by the holders of stock-trust certificates may be in any number of concurrent instruments of similar tenor, and may be executed by the certificate holders in person or by agent or attorney appointed by an instrument in writing. Proof of the execution of any such consent, or of a writing appointing any such agent or attorney, or of the holding by any person of stock-trust certificates issued hereunder, shall be sufficient for any purpose of this agreement, and shall be conclusive in favor of the voting trustees with regard to any action taken by them under such consent, if made in the following manner, viz, (*a*) The fact and the date of the execution by any person of any such consent may be proved by the certificate of any notary public, or other officer, authorized to take, either within or without the State of New York, acknowledgments of deeds to be recorded in any State, certifying that the person signing such consent acknowledged to him the execution thereof; or by the affidavit of a witness to such execution; (*b*) the amount of stock-trust certificates held by any person executing any suh consent may be proved by the books of the voting trustees.

Ninth. All notices to be given to the holders of stock-trust certificates hereunder shall be given either by mail to the registered holders of stock-trust certificates at the addresses furnished by such holders to the voting trustees or to the agents of the voting trustees, or by publication in two daily papers of general circulation in the city of New York, twice in each week for two successive weeks; and any call or notice whatsoever, when either mailed or published by the voting trustees as herein provided, shall be taken and considered as though personally served on all the holders of said stock-trust certificates, and such mailing or publication shall be the only notice required to be given under any provision of this agreement.

Tenth. The term trust company, for the purposes of this agreement and for all rights thereunder, including the issue and delivery of stock certificates, shall be taken to mean the said Guaranty Trust Co. of New York or any successor corporation or corporations with or into which the same may be consolidated or merged.

In witness whereof this agreement is executed as of the day and year first hereinabove mentioned.

Attest:

GEORGE F. BAKER. [L. S.]
HENRY P. DAVIDSON. [L. S.]
WILLIAM H. PORTER. [L. S.]
Voting Trustees.

Mr. UNTERMYER. The list and supplemental list of the principal interstate corporations which J. P. Morgan & Co. have organized or participated in organizing, or the securities which they have underwritten, directly purchased, or sold, in whole or part, from December 31, 1897, to the present time; and their present relations to all such corporations as stockholders, directors, fiscal agents, consisting of two sheets, will be marked 238 and 238*a*. These are documents that were prepared by Messrs. Morgan & Co., and to which reference has been made at times in the testimony.

238a, February 25, 1913, and are here printed, as follows:

EXHIBIT 238, FEBRUARY 25, 1913.

A list of the principal interstate corporations which J. P. Morgan & Co. have organized or participated in organizing, or the securities of which they have underwritten, directly purchased, or sold, in whole or part, from Dec. 31, 1897, to the present time; and their present relations to all such corporations as stockholders, directors, fiscal agent, registrar, or transfer agent.

	Stock-holder.	Director.	Fiscal agent.	Registrar.	Transfer agent.
American Bridge Co.	No.	None.	No.	No.	No.
American Telephone & Telegraph Co.	Yes.	Yes.	No.	No.	No.
Atchison, Topeka & Santa Fe.	Yes.	Yes.	No.	No.	No.
Atlantic Coast Line.	No.	None.	No.	No.	Yes.
Chesapeake & Ohio.	No.	None.	No.	No.	Pay coupons.
Chicago, Burlington & Quincy.	No.	None.	No.	No.	No.
Chicago, Great Western.	Yes.	Yes.	No.	No.	Yes.
Erie Railroad system.	Yes.	Yes.	No.	No.	Yes.
Federal Steel Co.	No.	None.	No.	No.	No.
Florida East Coast Ry.	No.	None.	No.	No.	No.
General Electric Co.	Yes.	Yes.	No.	No.	No.
Hocking Valley Ry. system.	No.	None.	No.	No.	Yes.
International Harvester Co.	Yes.	Yes.	No.	No.	No.
International Mercantile Marine.	Yes.	Yes.	No.	No.	Yes.
J. I. Case Threshing Machine Co.	Yes.	Yes.	No.	No.	Yes.
Elgin, Joliet & Eastern Ry. Co.	No.	None.	No.	No.	No.
Lehigh Valley R. R. Co.	No.	Yes.	No.	Yes.	Pay coupons.
Louisville & Nashville.	No.	None.	No.	No.	No.
National Tube Co.	No.	None.	No.	No.	No.
New York Central System.	Yes.	Yes.	Yes.	No.	No.
New York, New Haven & Hartford system.	Yes.	Yes.	Yes.	No.	No.
Northern Pacific Ry. system.	Yes.	Yes.	No.	No.	Yes.
Pennsylvania.	No.	None.	No.	No.	No.
Reading.	Yes.	Yes.	No.	No.	Yes.
Southern Ry.	Yes.	Yes.	No.	No.	Yes.
Terminal R. R. Association of St. Louis.	No.	None.	No.	No.	Yes.
United States Steel Corporation.	Yes.	Yes.	Yes.	No.	No.

EXHIBIT 238A—FEBRUARY 25, 1913.

Supplemental list of interstate corporations which J. P. Morgan & Co. have organized or participated in organizing, or the securities of which they have underwritten, directly purchased, or sold, in whole or part, from Dec. 31, 1897, to the present time; and their present relations to all such corporations as stockholders, directors, fiscal agent, registrar, or transfer agent.

	Stock-holder.	Director.	Fiscal agent.	Regis-trar.	Transfer agent.
Associated Merchants Co.	No.	No.	No.	No.	No.
Atlas Portland Cement Co.	No.	No.	No.	No.	No.
Boomer Coal & Coke Co.	No.	No.	No.	No.	Pay coupons.
Central of Georgia R. R. Co.	No.	No.	No.	No.	No.
Chicago & Western Indiana R. R. Co.	No.	No.	Yes.	No.	Transfer bonds and pay coupons.
Chicago, Indianapolis & Louisville R. R. Co.	No.	Yes.	Yes.	No.	Yes, and pay coupons.
Hartford Carpet Corporation.	No.	No.	No.	No.	No.
Inspiration Consolidated Copper Co.	Yes.	No.	No.	No.	No.
New York, Ontario & Western R. R. Co.	No.	Yes.	No.	No.	No.
Pere Marquette R. R. Co.	Yes.	Yes.	Yes.	No.	Yes, and pay coupons.
St. Louis & San Francisco R. R. Co.	No.	No.	No.	No.	No.
United Dry Goods Cos.	Yes.	No.	No.	No.	No.
United States Motor Co.	No.	No.	No.	No.	No.
United States Rubber Co.	No.	No.	No.	No.	No.
Virginia-Carolina Chemical Co.	No.	No.	No.	No.	No.

during the examination of the witnesses to the lists of assets of the four great New York life insurance companies, but these lists are not in the record and should be in the record. I accordingly offer from the report of the superintendent of insurance of the State of New York, dated 1912, relating to the business of the companies for the year 1911, the following statements of assets: First, of the Equitable Life Assurance Society, from pages 14 to 24, both inclusive; second, of the Metropolitan Life Insurance Co., from pages 113 to 120, both inclusive; third, statement of assets of the Mutual Life Insurance Co., of New York, from the same book, from pages 142 to 152, both inclusive; fourth, a statement of the New York Life Insurance Co.'s assets, from pages 177 to 191, both inclusive. They are all to be marked together as one exhibit—Exhibit No. 240.

The statements referred to were marked, as a whole, "Exhibit No. 240," February 25, 1912, and are here printed in the record as follows:

EXHIBIT No. 240, FEBRUARY 25, 1913.

EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES.

Schedule of real estate owned, classified by States and countries.

State or country.	Book and market value.
Massachusetts	$1,115,000.00
Missouri	1,275,000.00
New York	16,918,951.10
Australia	1,660,000.00
Austria	1,055,000.00
Chile	82,300.00
France	3,743,396.95
Germany	2,000,000.00
Mexico	67,500.00
Spain	1,195,000.00
Total	29,112,258.05

Schedule of mortgages owned, classified by States and countries.

State or country.	Amount of principal unpaid.	State or country.	Amount of principal unpaid.
Alabama	$631,266.95	Montana	$40,000.00
Arkansas	206,823.21	Nebraska	193,020.14
Arizona	46,500.00	New Jersey	52,820.00
California	4,114,888.20	New York	66,724,773.43
Colorado	709,882.17	North Carolina	364,680.57
Connecticut	35,000.00	Ohio	436,250.00
Delaware	115,000.00	Oklahoma	469,000.00
District of Columbia	1,370,500.00	Oregon	1,606,299.69
Florida	32,000.00	Pennsylvania	9,301,914.75
Georgia	703,206.65	Rhode Island	115,000.00
Idaho	122,000.00	South Carolina	161,000.00
Illinois	2,380,365.00	Tennessee	409,[illegible]
Indiana	407,000.00	Utah	938,[illegible]
Iowa	158,444.72	Virginia	320,[illegible]
Kansas	216,457.20	Washington	1,274,516.[illegible]
Louisiana	939,500.00	West Virginia	192,[illegible]
Maryland	1,185,000.00	Canada	251,[illegible]
Minnesota	1,089,212.12	France	1,418,91[illegible]
Mississippi	35,000.00		
Missouri	606,500.00	Total	99,375,176[illegible]

	Book value.	Par value.	Amortized value.	Market value.
BONDS—continued.				
Ithaca, N. Y., reg., 1927 5s	$45,974	$45,000	$45,974	$45,000
Jackson, Miss., school & st. imp., 1931 5s	155,717	150,000	155,717	157,500
Kur-Neumark Communal Ger. Feb., 1904 3½s	33,702	34,047	30,642	30,643
Kur-Neumark Communal Ger. 4s	11,543	11,667	11,667	11,667
Los Angeles, Cal., wtr. wks., 1941-7 4½s	208,821	200,000	208,821	204,000
Louisiana new consol, 1914 4s	309,845	311,500	309,845	311,300
Lynchburg, Va., imp., 1939 4½s	205,762	200,000	205,762	204,000
Memphis, Tenn.:				
Imp., 1944 4½s	154,697	150,000	154,697	153,000
Street imp., 1912-14 6s	352,627	346,000	352,627	351,780
Park & pkwy., 1959 4½s	435,447	447,000	435,447	447,000
Meridian, Miss.:				
City hall, 1941 4½s	74,627	75,000	74,627	75,000
School, 1941 5s	52,359	50,000	52,359	54,000
Mississippi levee dis. ref., 1934 4½s	202,459	200,000	202,459	202,000
Mobile, Ala.:				
Pub. works F, 1919, 5s	162,452	160,000	162,452	164,800
Pub. works G, 1919, 5s	10,158	10,000	10,158	10,300
Pub. works H, 1921, 5s	116,451	117,000	116,451	118,170
Montgomery, Ala., pay C & D, 1921, 5s	58,664	57,000	58,664	58,710
Montreal Quebec, Can.:				
Debenture, 1925, 4s	191,959	190,000	191,959	190,000
Consol fund reg., 1932, 4s	255,683	243,333	255,683	242,333
Debenture reg., 1933, 3½s	243,751	250,000	243,751	227,500
Sinking fund, 1942, 4s	32,110	31,000	32,110	31,000
Stock reg., 1942, 3½s	66,269	68,133	66,269	60,638
St. Henri, 1937, 4s	122,848	125,000	122,848	122,500
St. Henri, 1953, 4½s	123,839	125,000	123,839	132,500
Town of De Lorimier deb., 1946, 4½s	10,544	10,000	10,544	10,700
Town of De Lorimier deb., 1947, 4½s	10,543	10,000	10,543	10,700
Town of Emard deb., 1939, 5s	39,471	35,000	39,471	39,200
Town of St. Cunegonde, deb., 1927, 4½s	25,839	25,000	25,839	26,000
Muskogee, Okla., wr., 1936, 5s	310,711	300,000	310,711	312,000
Nashville, Tenn., sr., 1940, 4½s	154,808	150,000	154,808	154,500
New Orleans, La.:				
Public imp., 1950, 4s	242,207	264,000	242,207	258,720
Public imp., A, 1917, 5s	110,000	110,000	110,000	110,000
Public imp., A, 1918, 5s	25,000	25,000	25,000	25,000
Public imp., 1942, 4s	2,027,088	2,250,000	2,027,088	2,115,000
New York:				
County reg., 1918, 3.30s	100,831	105,000	100,831	99,750
County reg., 1919, 3.30s	377,235	395,000	377,235	375,250
City bor. of Brklyn. reg., 1915, 7s	548,563	500,000	548,563	545,000
City reg., 1916, 3½s	97,896	100,000	97,896	97,000
City reg., 1929, 3½s	150,593	150,000	150,593	138,000
City, 1957, 4½s	1,118,357	1,000,000	1,118,357	1,080,000
City, 1960, 4½s	2,025,340	2,000,000	2,025,340	2,040,000
State highway imp. reg., 1958, 4s	168,688	150,000	168,688	153,000
Norfolk, Va., imp., 1941, 4½s	148,888	150,000	148,888	151,500
Oklahoma City, Okla.:				
Park & w'ter fr., 1935, 5s	200,000	200,000	200,000	208,000
Sewer, 1934, 5s	200,000	200,000	200,000	208,000
Omaha, Nebr., imp., 1912-19, 4½s	181,417	179,000	181,417	181,445
Orleans levee dist., La., 1959, 5s	905,353	849,000	905,353	916,920
Portland, Oreg.:				
Bridge, 1939, 4s	196,753	200,000	196,753	192,000
Water, 1936, 4s	192,201	200,000	192,201	192,000
Pottawatomie County, Okla., funding, 1931 5½s	64,170	59,000	64,170	64,310
Quebec Quebec, Can.:				
Province, 1934, 4s	101,536	99,765	101,536	98,767
Province reg., 1937, 3s	243,530	274,933	243,530	228,195
City, 1927, 4s	36,675	35,500	36,675	35,145
Rahway, N. J., water, 1932, 4s	47,909	50,000	47,909	48,000
Richmond, Va., pub. imp., 1943, 4s	250,000	250,000	250,000	242,500
Roanoke, Va., ridg., 1936, 4½s	100,000	100,000	100,000	100,000
Rochester & town of Gates, N. Y., 1904, 6s	1	77,965	1	
Rock Hill, S. C., water & light, 1951, 5s	161,568	160,000	161,568	164,800
Rome, city of Ga.:				
School, 1912-23, 4s	97,216	99,000	97,216	97,190
Paving, 1923-28, 4s	47,909	50,000	47,909	48,000
Sewer, 1928-34, 4s	47,431	50,000	47,431	47,500
Water, 1934-41, 4s	70,395	75,000	70,395	70,000
Sacramento County, Cal., 1919, 4½s	35,950	35,500	35,950	35,855
Sacramento County, Cal., 1925, 4½s	40,812	40,000	40,812	40,800
Sacramento County, Cal., 1931, 4½s	25,142	24,500	25,142	24,990
Salisbury, city of N. C., pub. impt., 1960, 5s	42,295	40,000	42,295	41,600
San Bernardino, city of Cal., 1912-48, 4½s	102,131	100,000	102,131	102,970
Seattle, city of Wash.:				
Park, 1931, 4½s	343,590	340,000	343,590	346,800
Water, 1931, 4½s	404,221	400,000	404,221	408,000

	Book value.	Par value.	Amortized value.	Market value.
BONDS—continued.				
Chic. & Eastern Illinois:				
Equip. G 1912 5s	$45,974	$46,000	$45,974	$46,000
Chic. Gt. West. 1st 1959 4s	911,029	1,000,000	911,029	830,000
Chic., Indiana & Louisville:				
Equip. A 1912–21 4½s	94,233	95,000	94,233	93,550
Refunding 1947 6s	794,255	600,000	794,255	762,000
Chic., Milwaukee & St. Paul:				
Chic. & P. W. Div. 1921 5s	274,115	255,000	274,115	270,300
General mtg. 1989 4s	1,000,000	1,000,000	1,000,000	980,000
Terminal 1914 5s	50,904	50,000	50,904	51,000
Chicago & North Western:				
Debenture coup. 1921 5s	2,462,561	2,290,000	2,462,561	3,465,000
Debenture reg. 1921 5s	1,074,825	1,010,000	1,074,825	
Debenture coup. 1933 5s	597,415	525,000	597,415	817,500
Debenture reg. 1933 5s	254,299	225,000	254,299	
Mil. & St. Line 1st 1941 3½s	914,637	1,000,000	914,637	870,000
Peoria & N. W. 1926 3½s	97,164	100,000	97,164	92,000
Princtn. & N. W. 1926 3½s	191,849	200,000	191,849	184,000
Sioux City & P. 1936 3½s	236,938	250,000	236,938	220,000
St. Paul E. Gr. Tr. 1913 6s	163,934	161,000	163,934	165,830
Chic., Rock Island & Pacific:				
Equip. notes 1912–17 4½s	274,065	281,000	274,065	279,330
Equip. C 1912–19 4½s	486,261	488,000	486,261	483,530
Equip. B 1912–13 6s	90,941	90,000	90,941	90,600
Equip. D 1915–18 4½s	277,565	282,000	277,565	279,180
General 1988 4s	71,910	75,000	71,910	72,000
1st refunding 1934 4s	3,511,599	4,000,000	3,511,599	3,560,000
Keokuk & Des Moines 1st 1923 5s	52,261	50,000	52,261	50,500
Chicago & Western Indiana:				
Consol. coupon 1952 4s	1,918,693	2,000,000	1,918,693	2,760,000
Consul. reg. 1952 4s	986,164	1,000,000	986,164	
Cincinnati, Ham. & Dayton:				
Equip. A 1912–14 and 17 5s	577,946	576,000	577,946	576,000
General 1942 5s	108,767	100,000	108,767	103,000
Cin., New Orl. & Tex. Pac.:				
Equip. 1912–16 4½s	231,978	235,000	231,978	233,750
Clev., Cin., Chic. & St. Louis:				
Ind. & St. L. A 1919 7s	22,325	19,000	22,325	22,230
Ind. & St. L. B 1919 7s	58,750	50,000	58,750	58,500
Ind. & St. L. C 1919 7s	36,425	31,000	36,425	36,270
Colorado & Southern:				
1st 1929 4s	469,852	500,000	469,852	485,000
Refdg. and ext. 1935 4½s	975,223	1,000,000	975,223	970,000
Ft. Worth & Denver City 1921 6s	1,118,927	1,000,000	1,118,927	1,130,000
Coney Island & Brooklyn:				
Brooklyn City & Newtown 1939 5s	506,582	459,000	506,582	459,000
Consolidated 1955 4s	1,500,000	1,500,000	1,500,000	1,170,000
1st 1948 4s	1,131,883	1,158,000	1,131,883	914,820
Delaware & Hudson:				
Chateaugay Ore & Iron 1st 1942 4s	956,404	990,000	956,404	871,200
Equip. gold deb. reg. 1912–14 4s	500,000	500,000	500,000	499,000
Equip. 1st lien 1922 4½s	766,368	800,000	766,368	808,000
1st refdg. 1943 4s	1,456,365	1,485,000	1,456,365	1,470,150
Hudson Coal Co. reg. 1912–18 4s	646,058	650,000	646,058	640,500
Del., Lackawanna & West.:				
N. Y., Lack. & West. Term. 1923 4s	1,317,771	1,300,000	1,317,771	1,274,000
Denver Ry. Sec. Co. notes 1912 6s	87,500	87,500	87,500	87,500
Denver & Rio Grande:				
Equip. B 1914–17 5s	235,833	250,000	235,833	245,250
1st reg. 1936 4s	1,051,306	1,000,000	1,051,306	970,000
Rio Grande West. 1st cons. 1949 4s	452,528	500,000	452,528	405,000
Dul., Missabe & North Gen. 1941 5s	1,036,548	976,000	1,036,548	1,015,040
Eastern Ry. (France) Old 1954 3s	12,770	14,479	12,770	12,000
Eastern Ry. (France) New 1954 3s	16,943	19,305	16,943	16,000
Elgin, Joliet & Eastern 1st 1941 5s	1,084,583	947,000	1,084,583	1,041,720
El Paso Un. Pass. Depot Co. 1st 1916–33 5s	224,385	215,000	224,385	227,850
Erie:				
Cons. mtg. 1920 7s	2,260,665	1,870,000	2,260,665	2,208,640
Equip. Q 1914–21 4½s	987,172	1,000,000	987,172	986,000
Long Dock cons. 1935 6s	387,077	300,000	387,077	375,000
Penns. coal coll. 1951 4s	1,226,509	1,300,000	1,226,509	1,157,000
Galv., Harrisb. & San Ant.:				
Mex. & Pac. ext. 1st 1931 5s	2,575,436	2,375,000	2,575,436	2,541,250
Georgia South. & Florida:				
Equip. C 1912–20 4½s	208,149	212,000	208,149	211,140
Grand Trunk Canada:				
Det. Gr. Hav. & Mil. equip. 1918 6s	83,442	77,000	83,442	80,850

	Book value.	Par value.	Amortized value	Market value.
BONDS—continued.				
New York Central:				
Cleveland, C. C. & St. L.—				
C., C. C. & I. con. 1914 7s	$744,608	$698,000	$744,608	$739,880
C., C. C. & St. L. gen. coupon 1993 4s	990,479	1,000,000	990,479	1,860,000
C., C. C. & St. L. gen. reg. 1993 4s	1,022,033	1,000,000	1,022,033	
Deb. reg. 1934 4s	3,013,246	3,000,000	3,013,246	2,790,000
N. Y. C. L. eq. tr. 1912–20 5s	575,206	557,000	575,206	570,010
N. Y. C. L. eq. tr. reg. 1917 5s	10,305	10,000	10,305	10,200
N. Y. C. L. eq. tr. 1915, 18, 19, and 25 4½s	201,391	200,000	201,391	201,920
Ind., Ill. & Ia. 1st 1950 4s	48,098	50,000	48,098	47,500
L. S. coll. coup. 1998 3½s	1,038,887	1,150,000	1,038,887	4,252,500
L. S. coll. reg. 1998 3½s	3,908,144	4,100,000	3,908,144	
L. S. & M. S. deb. 1928 4s	4,987,940	5,000,000	4,987,940	4,700,000
M. C. coll. coup. 1998 3½s	1,405,229	1,575,000	1,405,229	1,560,000
M. C. coll. reg. 1998 3½s	375,469	425,000	375,469	
M. C. T. C. C. & D. 1st reg. 1956 4s	283,634	300,000	283,634	285,000
Pitts. & L. E. 2d 1928 5s	1,077,967	1,000,000	1,077,967	1,080,000
West Shore reg. 2361 4s	881,267	835,000	881,267	843,350
West Transit 1923 3½s	215,641	235,000	215,641	211,500
N. Y., N. H. & Hartford:				
C. N. E. gtd. 1st 1961 4s	937,749	1,000,000	937,749	920,000
N. Y., Ont. & Western:				
Equip. 1918–20 4½s	99,384	100,000	99,384	99,000
General 1955 4s	197,916	217,000	197,916	199,640
Refdg. reg. 1992 4s	1,027,001	1,000,000	1,027,001	950,000
Norfolk & Western:				
Divisional 1st ln. 1944 4s	3,907,437	4,000,000	3,907,437	3,760,000
Equip. tr. D 1912–13 4s	104,565	105,000	104,565	104,950
Equip. tr. E 1912 4s	99,609	100,000	99,609	100,000
Equip. tr. F 1912 4s	4,995	5,000	4,995	5,000
Equip. tr. G 1912–14 4s	148,019	150,000	148,019	149,000
Equip. tr. L 1912–13 4s	198,997	200,000	198,997	199,000
Equip. tr. M 1912–13 4s	199,251	200,000	199,521	199,000
Equip. tr. N 1914 4s	99,214	100,000	99,214	99,000
1st coupon 1996 4s	1,014,669	1,000,000	1,014,669	1,960,000
1st reg. 1996 4s	1,014,669	1,000,000	1,014,669	
Pocahontas C. & C. 1941 4s	144,418	150,000	144,418	138,000
No. Ry. (France) old 1950 3s	8,471	9,652	8,471	8,108
No. Ry. (France) new 1950 3s	50,794	57,915	50,794	48,648
Northern Pacific:				
Prior lien coup. 1997 4s	787,887	750,000	787,887	2,250,000
Prior lien reg. 1997 4s	1,566,266	1,500,000	1,566,266	
P.-L.-M. Ry. (Fr.) old 1959 3s	41,682	47,877	41,682	39,735
P.-L.-M. Ry. (Fr.) new 1958 3s	50,032	57,722	50,032	47,900
P.-O. (Fr.) old 1951 3s	8,389	9,652	8,389	8,011
P.-O. (Fr.) new 1956 3s	67,182	77,123	67,182	64,012
Pennsylvania:				
40-yr. cons. 1948 4s	959,299	1,000,000	959,299	1,040,000
Convertible 1915 3½s	2,613,203	2,620,500	2,613,203	2,541,885
15–25-yr. 1931 4s	1,480,165	1,500,000	1,480,165	1,470,000
1st reg. 1921 4½s	512,438	500,000	512,438	520,000
Ft. W. coll. tr. r. 1937 3½s	347,739	400,000	347,739	356,000
Ft. W. coll. tr. 1944 3½s	596,757	700,000	596,757	623,000
Md., Del. & Va. 1st 1955 5s	423,203	418,000	423,203	412,820
Penn. Co. 1941 3½s	467,046	500,000	467,046	445,000
Penn Co. 1916 3½s	760,892	770,000	760,892	754,600
P., C. C. & St. L. F. 1953 4s	1,031,082	1,000,000	1,031,082	900,000
Steel eq. reg. 1912 3½s	84,899	85,000	84,899	85,000
T. H. & P. 1st 1942 5s	547,541	500,000	547,541	545,000
Van. cons. coupon 1955 4s	542,747	535,000	542,747	1,473,600
Van. cons. reg. 1955 4s	1,016,576	1,000,000	1,016,576	
Van. cons. B 1957 4s	1,439,164	1,500,000	1,439,164	1,440,000
W. N. Y. & P. gen. 1943 4s	688,805	740,000	688,805	636,400
Peoria & E. 1st 1940 4s	232,302	256,000	232,302	235,520
Pere Marq. eq. 1912–16 5s	389,291	391,000	389,291	385,550
Phil. R. T. eq. A 1918–20 5s	150,000	150,000	150,000	150,000
Railroad Securities Co.:				
Ill. Cent. stk. int. ctfs. A reg. 1952 4s	1,624,951	1,760,000	1,624,951	1,636,800
Reading Co.:				
Atlantic City 1st 1951 4s	483,609	500,000	483,609	465,000
Coal & Iron gen. 1997 4s	507,339	500,000	507,339	490,000
Jersey Cen. coll. 1951 4s	1,942,332	1,950,000	1,942,332	1,911,000
Rezan Ural (Russia):				
1947 4½s	1,700,477	1,922,650	1,700,477	1,054,970
Issue of 1897, 1947 4s	591,784	721,202	591,784	648,135
Issue of 1898, 1947 4s	871,710	1,064,544	871,710	958,000
Rich. W. gtd. B 1943 4s	513,600	500,000	513,600	485,000
Rutland:				
Equipment 1915 4½s	19,978	20,000	19,978	19,800
Equipment 1914 4½s	19,978	20,000	19,978	19,800
Og. & L. Cham. 1st 1948 4s	103,601	115,000	103,601	100,050

ik	
ue	
—	
88	
80	
50	
92	
28	
30	
31	
10	
45	
72	
80	
78	
03	
21	
80	
36	
28	
50	
39	
20,	
53,	
30,	
5,	
16,	
10,	
53,	
3	
10,	
11,	
5,	
0,	
0,	
6,	
3,	
3	
7,	
0,	
3,	
0,	
0,	
5,	
0,	
0,	
3,	
0,	
0,	
0,	
5,	
3,	
3,	
5,	
),	
3,	
3,	
7,	
5,	
1,	
3,	
7,	
7,	
7,	
2,	
7,	
0	

STOCKS.

10,000 Atch., T. & S. Fe. pfd	
46,681 Bklyn. C. Bklyn	
2,000 Chic., Mil. & St. P. pfd	
8,838 Chic. & N. W. com	
5,100 Chic. & N. W. pfd	
2,200 Illinois Central	
3,069 Intb.-Met. N. Y	
2,000 Long Island	
20,000 Man. Ry. Co., N. Y	
466 New York & Harlem	
10,000 Pennsylvania	
16,182 Union Pac. pref	
2,556 Equit. Trust Co., N. Y	
171 Guar. Trust Co., N. Y	
400 Gir. Tr. Co., Phila., Pa	
1,000 Hib. Bk. & Tr. Co., N. Or., La	
1,803 Int. Bkg. Corp., N. Y	
25,000 Nat. B. of C., N. Y	
Ark. Val. Sug. Bt. & Irr. Land Co	
1,250 Bklyn. L. I. Co., N. Y	
500 Café Savarin, N. Y	
4,500 Cons. Gas Co., N. Y	
Total	

METROPOLITAN

Schedule of real estate own

State or c

California	
District of Columbia	
Illinois	
Maryland	
Massachusetts	
Minnesota	
Missouri	
New York	
Ohio	
Pennsylvania	
Vermont	
Canada	
Total	

Schedule of mortgages

State or country.	Am pr u
Alabama	1
Arkansas	
California	1
Connecticut	
Florida	
Georgia	
Illinois	
Iowa	
Kansas	
Kentucky	
Massachusetts	
Minnesota	
Missouri	
New Jersey	

Schedule of bonds and stocks owned—Continued.

BONDS.	Book value.	Par value.	Am
Autauga Co. Ala. ct. house bldg. debt. 1940 5s	$58,219	$55,000	
Autauga Co. Ala. jail bldg. debt. 1940 5s	21,171	20,000	
Autauga Co. Ala. pub. rd. 1940 5s	79,391	75,000	
Birmingham city of Ala. school 1939 5s	232,945	220,000	
Buncombe Co. N. C. fdg. 1939 4½s	61,416	60,000	
Can. Dom. of ins. stk. 1947 2½s	53,266	50,000	
Charlotte city of N. C. water 1941 4½s	90,824	97,000	
Charter Oak, Ia., ref. 1931 5s	101,670	100,000	
Clarksburg, W. Va., water 1939 4½s	3,505		
Danville, Va., ref. A 1935 4s	90,857		
Danville, Va., water 1912 6s	16,226		
Edmonton, Alb. city of Can. deb. 1951 4½s	21,522		
Ensley, Ala., 1st imp. A 1941 5s	25,822		
Grady Co., Okla., sewer 1939 5s	197,201		
Knoxville, Tenn., bdge. 1939 5s	5,191		
Louisiana pt. com. ref. 1940 5s	44,638		
Maisonneuve, Que., water wks. 4½s	58,576		
Maisonneuve, Que., 1948 5s	102,923		
Manchester, Va., sch. 1951 4½s	500,000		
Manitoba Prov. Gov. deb. 1930 4½s	107,602		
Manitoba Prov. ld. dr. deb. 1930 4s	52,137		
Manitoba Prov. ld. dr. deb. 1928 4s	180,00		
Montgomery, Ala., warehouse & wharf 1939 5s	122,1		
Montgomery, Ala., pub. sch. & imp. 1939 5s	193,2		
Montgomery, Ala., san. sew. sys. ext. 1939 5s	118,		
Mon. P. Q. Co. Ala., water wks. 1957 4½s	100		
New Brunswick Prov. fdg. & ref. 1938 3½s	20		
New Orleans, La., ct. hse 1955 5s			
New Orleans, La., new pub. imp. 1942 4s			
New Y. City cons. stk. 1929 2½			
New Y. City corp. stk. 1918 3s			
New Y. State hgy. imp. 1955 4s			
Norfolk, Va., ser. B 1958 4s			
Norfolk Co., Va., 1941 4½s			
N. Bergen Hud. rd. imp. 1928 4½s			
Oo. Birmingham Ala. fdg. 1939 5s			
Birmingham Ala. p. s. 1939 5s			
Birmingham Ala. rev. defcy. 1939 5s			
Ottawa, Can., deb. 1936 4½s			
Ottawa, Can., deb. 1937 4½s			
Ottawa, Can., deb. 1938 4½s			
Ottawa City Local imp. ex. pk. deb. 1925 4s			
Ottawa City Local imp. deb. 1935 4s			
Perrie, S. D., ed. of ed. ref. 1922 2½			
Portage, La. Prairie Manitoba dr.			
Prairie City, Ia., mu. hldg. 1939			
Prairie City, Ia., sew. 1939 5s			
Quebec Prov. sch. stk. 1937 3s			
Rhode Island dock 5s			
Richmond, Va., fire house 5s			
Rochester, N. Y., sewer 5s			
Ronkonkoma, N. Y., imp. 5s			
Salaberry Valley R. R. 5s			
San Juan, P. R., field dep. 5s			
Seattle, Wash., C. R. 5s			
Three Rivers, Que., 1922 5s			
Toronto, Can., deb. 5s			
Toronto, Can., deb. 5s			
Toronto, Can., cons. 5s			
Toronto, Can., gen. 5s			
Toronto, Can., gen. 5s			

	Book value.	Par value.	Amortized value.	Market value.
BONDS—continued.				
Virginia century 1991 3s	$10,540	$20,000	$10,540	$17,[illegible]
Waterloo Ia wtr wks 1930 4½s	12,376	12,000	12,376	12,3[illegible]
Wilm'ton N C w & s 1948 4½s	36,287	35,000	36,287	35,35[illegible]
Winnipeg Man deb 1933 4s	108,907	110,000	108,907	106,70[illegible]
Winnipeg Man sch dis 1 deb 1943 4s	190,353	200,000	190,353	192,60[illegible]
Winnipeg Man sch dis 1 deb 1941 4s	128,990	136,000	128,990	130,56[illegible]
Alabama Gt. So. R. R. equip. tr. ser. D 4½s	497,026	500,000	497,026	490,[illegible]
Alabama Gt. So. R. R. gen. mtg., 1927 5s	347,165	344,524	347,165	361,75[illegible]
Atch., T. & S. F. Ry., E. Okla. div. 1st mtg., 1928 4s	190,593	200,000	190,593	192,00[illegible]
Atch., T. & S. F. Ry. ser. deb. ser. L, 1914 4s	49,498	50,000	49,498	49,50[illegible]
Atch., T. & S. F. Ry. trans. con. sht. line 1st mtg., 1958 4s	472,826	500,000	472,826	465,00[illegible]
Atlantic & Bir. Ry. equip. nts., 5s	89,380	90,000	89,380	89,10[illegible]
Atlantic Ave. R. R. Bklyn. gen. cons. mtg., 1931 5s	569,510	522,000	569,510	527,22[illegible]
Atlantic C. L. R. R. cons. 1st mtg., 1952 4s	631,327	671,000	631,327	637,45[illegible]
Atlantic C. L. R. R. L. & N. col. 1952 4s	1,899,866	2,000,000	1,899,866	1,900,00[illegible]
Atlantic C. L. R. R. uni. m. 1959 4s	169,693	190,000	169,692	171,00[illegible]
B. & O. R. R., Pitts. Junc. & Mid. div., 1st mtg. 1925 3½s	464,559	500,000	464,559	445,00[illegible]
B. & O. R. R., So'w'n div., 1st mtg. 1925 3½s	926,754	1,013,000	926,754	921,93[illegible]
Big Sandy R. Co. 1st mtg. 1944 4s	219,897	250,000	219,897	220,00[illegible]
Birm'ham T. Co. 1st mtg. 1957 4s	221,572	250,000	221,572	222,50[illegible]
Bklyn. City R. R. cons. 1st mtg. 1941 5s	568,796	552,000	568,796	557,52[illegible]
Bklyn. Union Ele. R. R. 1st mtg. 1950 5s	153,366	150,000	153,366	151,50[illegible]
Buff. R. & P. Ry. c. m. 1957 4½s	55,107	55,000	55,107	58,30[illegible]
Canadian No. Ry. Co. 1st mtg. 1929 4s	106,539	99,767	106,539	99,76[illegible]
Canadian No. Ry. Co. 1st mtg. 1930 4s	276,101	272,533	276,101	272,53[illegible]
Canadian No. Ry. Co. Win. term. mtg. 1939 4s	1,182,276	1,200,000	1,182,276	1,200,00[illegible]
Caro. C. & O. Ry. equip. nts. 5s	208,735	212,000	208,735	212,00[illegible]
Caro. C. & O. Ry. 1st mtg. 1938 5s	922,943	1,000,000	922,943	980,00[illegible]
Cent. Georgia cons. mtg. 1945 5s	701,444	650,000	701,444	708,50[illegible]
Cent. Georgia Ry., M. & N. div., 1st mtg. 1946 5s	21,477	20,000	21,477	21,40[illegible]
Cent. Ohio R. R. cons. 1st mtg. 1930 4½s	323,978	293,000	323,978	258,92[illegible]
Cent. Pac. Ry. 1st ref. mtg. (guar. by So. Pac. Co.) 1949 4s	576,331	600,000	576,331	576,00[illegible]
C. & O. Ry. cons. 1st mtg. 1939 5s	85,099	75,000	85,099	83,25[illegible]
C. & O. Ry. equip. notes, ser. I 4s	439,064	450,000	439,064	445,50[illegible]
C. & O. Ry. gen. mtg. 1992 4½s	1,720,708	1,654,000	1,720,708	1,667,16[illegible]
C. & A. Equip. Ass. ser. D cer. 4s	188,969	192,000	188,969	190,08[illegible]
C. & A. Ry. Co. 1st lien 1950 3½s	580,246	700,000	580,246	455,00[illegible]
C. & E. I. R. R. ref. & imp. 1955 4s	1,699,452	2,000,000	1,699,452	1,600,00[illegible]
C. & N. Ry. ext. 1926 4s	99,561	100,000	99,561	98,00[illegible]
C. & N. Ry. 1929 5s	779,421	727,000	779,421	777,96[illegible]
C. & W. Ind. R. R. cons. 1952 4s	2,833,584	3,000,000	2,833,584	2,760,00[illegible]
C. & W. Ind. R. R. gen. mtg. 1932 6s	127,472	115,000	127,472	125,35[illegible]
C. & W. Mich. Ry. mtg. 1921 5s	359,924	350,000	359,924	353,50[illegible]
C. Gt. West. R. R. 1st mtg. 1959 4s	1,970,209	2,175,000	1,970,209	1,905,25[illegible]
C. I. & So. R. R. 1956 4s	1,386,477	1,500,000	1,386,477	1,380,00[illegible]
C. I. & L. Ry. Co. ref. mtg. 1947 6s	56,532	45,000	56,532	57,15[illegible]
C. L. S. & E. R. Co. 1st m. 1969 4½s	3,160,749	3,000,000	3,160,749	3,120,00[illegible]
C., M. & S. P. Ry. Co., C. & P. W. div., 1st mtg. 1921 5s	204,362	200,000	204,362	213,00[illegible]
Chic. Rys. Co. cons. mtg. ser. A 1927 4s	540,851	543,000	540,851	521,32[illegible]
Chic. Rys. Co. cons. mtg. ser. B 1927 4s	354,573	353,000	354,573	324,76[illegible]
Chic. Rys. Co. 1st mtg. 1927 5s	1,485,909	1,500,000	1,485,909	1,500,00[illegible]
Chic. R. I. & P. R. R. 2002 4s	414,349	500,000	414,349	380,00[illegible]
C., R. I. & P. R. equip. ser. D 4½s	264,076	270,000	264,076	267,30[illegible]
C., R. I. & P. R. 1st & ref. mtg. 1934 4s	1,797,884	2,000,000	1,797,884	1,780,00[illegible]
C., O. & G. R. R. gen. mtg. 1919 5s	59,006	58,000	59,006	59,74[illegible]
C., D. & C. R. R. 1st mtg. 1942 4s	478,014	500,000	478,014	460,00[illegible]
C., H. & D. Ry. equip. ser. A 5s	502,251	500,000	502,251	500,00[illegible]
C., H. & D. Ry. gen. mtg. 1942 5s	21,579	20,000	21,579	20,60[illegible]
C. I. & W Ry. Co. 1st & ref. mtg. 1953 4s	484,330	500,000	484,330	440,00[illegible]
Cleve. Ter. & Val. R. R. 1st mtg. 1995 4s	396,178	400,000	396,178	376,00[illegible]
Coal River Ry. 1st mtg. 1945 4s	1,201,737	1,278,000	1,201,737	1,111,68[illegible]
Col. & So. Ry. ref. & ext. mtg. 1935 4½s	1,457,761	1,500,000	1,457,761	1,455,00[illegible]
Col. Spgs. & C. C. Dis. Ry. 1st mtg. 1940 5s	52,682	50,000	52,682	51,50[illegible]
D. & H. Co. 1st ln. eq. 1922 4½s	75,000	75,000	75,000	75,75[illegible]
D. & M. Ry. Co. mtg. 1995 4s	25,000	25,000	25,000	22,50[illegible]
D. & T. S. L. R. R. Co. 1st mtg. 1953 4s	728,123	806,000	728,123	693,16[illegible]
D. So. R. R. Co., Ohio So. div., 1st mtg. 1941 4s	327,514	351,000	245,700	245,70[illegible]
Det. United Ry. 1st cons. mtg. 1932 4½s	949,369	1,000,000	949,369	790,00[illegible]
Dry Dock E. Bwy. & Bat. R. R. Co., N. Y. City cer. of ind. 1914 5s	115,498	113,300	45,320	47,26[illegible]
Duluth & Iron Range R. R. 1st mtg. 1937 5s	173,713	169,000	173,713	180,56[illegible]
D., M. & N. Ry. gen. mtg. 1941 5s	2,069,206	1,982,000	2,069,206	2,061,27[illegible]
E. T., V. & G. Ry. 1st cons. mtg. 1956 5s	73,869	65,000	73,869	72,15[illegible]
Ellwood S. L. R. R. Co. 1st mtg. 1922 5s	24,329	25,000	24,329	25,75[illegible]
Erie Ry. Co. cons. mtg. 1920 7s	292,679	250,000	292,679	285,00[illegible]
F. & So. Ry. Co. 1st mtg. 1924 6s	58,674	50,000	58,674	58,50[illegible]

	Book value.	Par value.	Amortized value.	Market value.
BONDS—continued.				
Penn. gen. frt. eqpt. tr. ctfs. 4s	$981,331	$1,000,000	$981,331	$980,000
P. R. R. cons. mtg. 1948 4s	48,055	50,000	48,055	52,000
P. & P. U. Ry. 2d mtg. 1921 4½s	444,224	467,000	444,224	435,960
P. B. & W. R. R. 1st mtg. 1923 5s	96,010	95,000	96,010	95,950
Pittsburgh Term. R. R. & Coal Co. 1st mtg. skg. fd. 1942 5s	2,343,117	2,168,000	2,343,117	2,016,240
R. G. W. Ry. Co. 1st cons. mtg. 1949 4s	472,267	500,000	472,267	405,000
St. L. & C. R. R. Co. mtg. 1931 4s	9,403	10,000	9,403	9,400
St. L. & S. F. R. R. eqpt. nts. ser. G 1913 4½s	98,355	100,000	98,355	99,000
St. L. & S. F. R. R. eqpt. tr. nts. ser. P 5s	749,249	750,000	749,249	757,500
St. L. & S. F. R. R. ref. mtg. 1951 4s	431,044	500,000	431,044	400,000
St. L. & S. F. Ry. gen. mtg. 1931 6s	29,654	25,000	29,654	29,750
St. L. Bridge Co. 1st mtg. 1929 7s	92,093	73,000	92,093	94,170
St. L., I. M. & S. Ry. gen. cons. ry. & land grant mtg. 1931 5s	145,282	140,000	145,282	148,400
St. L., I. M. & S. Ry. R. & G. Div. 1st mtg. 1933 4s	1,739,186	1,903,000	1,739,186	1,579,490
St. L., I. M. & S. Ry. Co. unfyg. and ref. 1929 4s	879,839	950,000	879,839	760,000
St. L. R. R. 1st mtg. ext. 1920 4½s	249,485	250,000	249,485	245,000
St. P. & D. R. R. 2d mtg. 1917 5s	44,497	43,000	44,497	44,290
St. Paul City Ry. cable cons. mtg. 1937 5s	262,097	250,000	262,097	262,500
S. A. & A. P. Ry. 1st mtg. 1943 4s	225,354	250,000	225,354	220,000
Savannah, Florida & West Ry. 1st mtg. 1934 6s	60,732	54,000	60,732	67,500
Seab. Air Line Ry. Atlanta-Birmingham 1st mtg. 1933 4s	127,309	150,000	127,309	132,000
Seab. Air Line Ry. eqpt. nts. ser. B 1912 4½s	9,999	10,000	9,999	10,000
Seab. Air Line Ry. eqpt. ser. G 5s	249,226	250,000	249,226	250,000
Seab. Air Line Ry. ref. mtg. 1959 4s	1,230,703	1,500,000	1,230,703	1,245,000
Seaboard & Roanoke R. R. ctf. of indtdns. 1916 6s	10,093	9,600	10,093	10,080
So. & No. Ala. R. R. Co. cons. mtg. 1936 5s	7,705	7,000	7,705	7,770
So. Pac. R. R. Co. 1st ref. mtg. 1955 4s	1,890,376	2,000,000	1,890,376	1,900,000
So. Ry. Co. E. Tenn. Reorganization 1938 5s	28,649	27,000	28,649	28,620
So. Ry. Co. 1st cons. mtg. 1994 5s	1,082,647	1,000,000	1,082,647	1,080,000
So. Pac. Coast Ry. Co. 1st mtg. 1937 4s	110,623	123,000	110,623	111,930
Spokane International Ry. Co. 1st mtg. 1955 5s	616,249	600,000	616,249	618,000
Stafford Springs Conn. St. Ry. Co. 1st mtg. 1956 5s	438,310	400,000	438,310	440,000
Tenn. Coal, Iron & R. R., Birm. Div., pch. money & imp. mtg. 1917 6s	66,887	64,000	66,887	66,560
Tenn. Coal, Iron & R. R. gen. mtg. 1951 5s	1,024,494	1,000,000	1,024,494	1,020,000
Tenn. Coal, Iron & R. R., Tenn. Div., cons. skg. fd. 1917 6s	37,705	36,000	37,705	37,440
Texas & Pacific Ry. Co. 1st mtg. 2000 5s	1,630,516	1,350,000	1,630,516	1,485,000
Third Ave. R. R. Co. N. Y. City 2000 4s	220,175	250,000	190,000	190,000
34th St. Crstwn. Ry. Co. 1st mtg. 1996 5s	22,460	20,000	22,460	19,000
T., St. L. & W. R. R. pr. lien 1925 3½s	1,852,858	2,000,000	1,852,858	1,760,000
Toledo Term. R. R. 1st mtg. 1957 4½s	184,770	200,000	184,770	186,000
U. & D. R. R. 1st cons. mtg. 1928 5s	99,889	100,000	99,889	105,000
U. & D. R. R. 1st ref. mtg. 1952 4s	50,730	57,000	50,730	49,020
Undergd. Elec. Rys. London Ltd. 1933 4½s	74,615	100,059	74,615	96,057
Undergd. Elec. Rys. London Ltd. income 1948 6s	38,514	175,054	132,603	133,041
Union Elev. R. R. Chic., Ill., 1st mtg 1945 5s	259,413	240,000	259,413	216,000
Union Pac. R. R. 1st lien & ref. mtg. 2008 4s	959,995	1,000,000	959,995	870,000
Union Ry. Co. N. Y. City 1st mtg. 1942 5s	227,036	200,000	227,036	208,000
Utd. Rds. of San Francisco, Cal., skg. fd. 1927 4s	236,580	281,000	236,580	193,390
Utd. Ry. & Elec. Co., Balt., Md., 1st cons. mtg. 1949 4s	188,566	200,000	188,566	170,000
Utd. Rys. Co., St. L., Mo., 1st gen. mtg. 1934 4s	454,953	500,000	454,953	390,000
Utd. Trac. Co., Albany., N. Y., cons. mtg. 2004 4½s	193,626	200,000	193,626	198,000
Virginia Midland Ry. Co. gen. mtg. 1936 5s	70,382	65,000	70,382	70,200
Virginian Ry. 1st lien eqpt. nts. ser. A 5s	424,708	425,000	424,708	425,000
Wabash-Pittsburgh Term. Ry. Co. 1st mtg. 1954 4s	1,777,820	2,016,000	786,240	786,240
Wabash-Pittsburgh Term. Ry. Co. 2d mtg. 1954 4s	198,660	462,000	9,240	9,240
Wabash R. R. Co. 1st lien term. 1954 4s	1,787,972	2,000,000	1,787,972	1,600,000
Washington Water Power Co., Spokane, Wash., 1st & ref. mtg. 1939 5s	224,319	221,000	224,319	227,630
Western Md. R. R. Co. 1st mtg. 1952 4s	2,014,544	2,200,000	2,014,544	1,936,000
W. Pac. Ry. Co. 1st mtg. 1933 5s	1,701,866	1,816,000	1,701,866	1,616,340
W. & L. E. R. R. 1st cons. mtg. 1949 4s	749,902	832,000	749,902	698,320
Wichita Falls — & N. W. Ry. 1st mtg. 1939 5s	58,397	59,000	58,397	58,410
Wis. Cent. Ry. 1st & ref. mtg. 1959 4s	314,613	350,000	314,613	329,000
Wis. Cent. Ry. Sup. & Dul. Div. & Term. 1st mtg. 1936 4s	92,513	100,000	92,513	92,000
Worcester & Conn. E. Ry. 1st mtg. 1943 4½s	505,876	500,000	505,876	515,000
Worcester, Mass., Cons. St. Ry. deb. 1920 4½s	260,049	250,000	260,049	265,000
Am. Hide & Leather Co. 1st mtg. skg. fd. 1919 6s	172,676	175,000	172,676	173,250
Am. Tel. & Tel. Co. col. tr. 1929 4s	843,659	850,000	843,659	765,000
Beech Creek C. & C. Co. Pa. 1st mtg. skg. fd. 1944 5s	244,119	250,000	244,119	230,000
Bkln. Union Gas Co. 1st cons. mtg. 1945 5s	209,707	200,000	209,707	212,000
Buff. Gen. Elec. Co. 1st ref. mtg. 1939 5s	496,680	496,000	496,680	480,000
Cal. Gas & Elec. Corp. unfyg. & ref. mtg. 1937 5s	479,025	500,000	479,025	470,000
Cent. Hud. Gas. & Elec. Co. 1st & ref. mtg. 1941 5s	99,543	100,000	99,543	100,000

	Book value.	Par value.	Market value	Market value.
STOCKS—continued.				
2,460 Southwestern R. R. Co. (Central of Ga. Ry.).	$263,220	$246,000	$273,060	$273,060
3,300 Twin City Rapid Transit Co. pfd	420,124	330,000	471,900	471,900
400 Ursina & No. Fork Ry	50,000	20,000		
4,930 Worcester Rys. & Inv. Co., Mass. (N. Y., N. H. & H. System)	491,513	493,000	419,050	419,050
140 Cent. Trust Co., N. Y. City	15,869	14,000	144,060	144,060
608 Fed. Tr. Co., Newark, N. J	119,248	60,800	141,056	141,056
228 Franklin Tr. Co., Bkln., N. Y	99,917	22,800	63,280	63,280
1,000 Hmlton Tr. Co., Bkln., N. Y	211,425	100,000	270,000	270,000
207 Howard Nat. Bk., Burlington, Vt	29,497	20,700	31,050	31,050
522 Int. Bkg. Corp., N. Y. City	71,823	52,200	46,980	46,980
10,432 Met. Bk., N. Y. City	1,698,076	1,043,200	2,096,832	2,096,832
1,481 Met. Tr. Co., N. Y. City	854,228	148,100	604,248	604,248
500 Peoples State Bk., Detroit, Mich	112,500	50,000	114,500	114,500
73 United States Trust Co., N. Y. City	76,725	7,300	83,950	83,950
2,657 Allis-Chalmers Co. com	66,383	265,700	5,314	5,314
5,827 Allis-Chalmers Co. pfd	596,031	582,700	46,616	46,616
490 N. Y. Mut. Gas. Lt. Co	150,525	49,000	84,770	84,770
1,560 Pope Mfg. Co. com	23,400	156,000	67,080	67,080
1,500 Pope Mfg. Co. pfd	75,000	150,000	100,500	100,500
1,600 U. S. Exp. Co., N. Y. City	196,600	160,000	139,200	139,200
Total	152,433,093	153,670,880	150,757,697	147,444,890

MUTUAL LIFE INSURANCE CO. OF NEW YORK.

Schedule of real estate owned, classified by States and countries.

State or country.	Book and market value.
California	$400,000.00
Massachusetts	1,009,502.00
New Jersey	13,000.00
New York	17,504,761.57
Pennsylvania	1,088,814.33
Australia	450,000.00
England	975,000.00
France	1,215,900.00
Mexico	750,000.00
South Africa	250,000.00
Total	23,657,975.90

Schedule of mortgages owned, classified by States and countries.

State or country.	Amount of principal unpaid.	State or country.	Amount of principal unpaid.
Alabama	$183,600.00	New Jersey	86,702,989.50
Arkansas	45,000.00	New York	121,672,507.55
California	450,000.00	Ohio	205,000.00
Connecticut	875,000.00	Pennsylvania	3,908,000.00
Florida	185,000.00	South Carolina	15,000.00
Georgia	155,000.00	Tennessee	294,000.00
Illinois	466,600.00	Utah	30,000.00
Kansas	10,000.00	Virginia	135,000.00
Kentucky	310,000.00	Washington	1,350,000.00
Maryland	360,000.00	Cuba	30,000.00
Michigan	1,000,000.00	Germany	149,960.00
Minnesota	780,500.00		
Missouri	30,000.00	Total	139,649,787.05
Nebraska	206,000.00		

	Book value.	Par value.	Amortized value.	Market value.
BONDS.				
Austrian Govt. gold rentes 4s	$4,050,644	$4,069,405	$3,906,629	$3,906,629
British Govt. consols 2½s	129,738	150,970	116,246	116,247
Cape of Good Hope Govt. stock 1949 3½s	48,889	48,700	48,889	47,726
German imperial loan 3s	162,865	183,926	152,659	152,659
Italian Govt. rentes (3¾% to Dec. 31, 1911) 3½s	3,456,359	3,542,766	3,613,621	3,613,621
Prussian Govt. consols 3s	663,174	721,807	598,684	598,684
Queensland Govt. stock 1947 3s	48,941	50,648	48,941	43,051
Republic of Cuba 1944 5s	846,185	986,000	846,185	1,015,580
So. Australian Govt. stock 3s	12,144	12,954	10,493	10,493
So. Australian Govt. stk 1920 3½s	34,488	34,090	34,488	33,749
So. Australian Govt. scrip ctfs 1936 3½s	49,122	50,356	49,122	48,845
Spanish Govt. rentes 1950 5s	159,545	193,000	159,545	194,930
Tasmanian Govt. stock 1921 3½s	24,350	24,350	24,350	23,620
United States of Mexico 1945 5s	905,009	916,650	905,009	925,817
United States of Mexico 1954 4s	3,533,644	3,918,000	3,533,644	3,643,740
Victorian Govt. stock 3s	24,311	24,350	24,311	20,454
West Australia Govt. stk 1923 4s	4,857	4,870	4,857	4,870
West Australia Govt. stk 1924 4s	6,799	6,818	6,799	6,818
West Australia Govt. stk 1935 3½s	87,864	90,852	87,864	86,959
Arizona Territory rfdg 1942 5s	15,001	15,000	15,001	15,000
Asheville, N. C., rfdg 1941 5s	82,768	80,000	82,768	83,200
Atchison Co., Kans., rfg 1916 5s	69,292	68,000	69,292	70,720
Brooklyn, N. Y., 1925 3½s	102,600	100,000	102,600	94,000
Chatham Co., Ga., ct house 1912–1919 5s	15,717	15,500	15,717	15,655
Columbia, S. C., rfdg. 1941 5s	74,823	70,000	74,823	75,600
Duluth, Minn., school 1913 5s	50,255	50,000	50,255	50,500
Duluth, Minn., water and light 1936 4s	275,000	275,000	275,000	264,000
Geulph, Ont., 1917 5s	99,319	97,400	99,319	99,348
Guelph, Ont., Can., 1920 5s	9,398	9,000	9,398	9,270
Louis, State of, new cons. 1914 4s	118,860	120,000	118,860	120,000
Manitoba, Prov. of, 1929 4s	218,500	200,000	218,500	200,000
Memphis, Tenn., rfdg. 1926 4½s	767,700	750,000	767,700	757,500
Memphis, Tenn., taxing dist. comp. 1915 6s	55,170	55,000	55,170	57,200
Montreal, Que., Can., 1939 3½s	415,840	400,000	415,840	360,000
Montreal, Que., Can., 1925 4s	204,580	200,000	204,580	200,000
Montreal, Que., Can., 1927 4s	167,673	165,000	167,673	165,000
Montreal, Que., Can., 1933 4s	200,000	200,137	200,000	200,137
Nashville, Tenn., water 1913 6s	50,235	50,000	50,235	51,000
New Brunswick Prov. 1921 4s	69,000	69,000	69,000	69,000
New Brunswick Prov. 1930 4s	100,390	100,000	100,390	100,000
New Brunswick Prov. 1932 4s	29,877	30,000	29,877	30,000
New Brunswick Prov. 1932 4s	19,892	20,000	19,892	20,000
New Orleans, La., new pub. imp. 1942 4s	1,800,000	2,000,000	1,800,000	1,880,000
New York City, Brooklyn, main sewer 1927 3½s	9,908	10,000	9,908	9,300
Norfolk, Va., renewal 1941 4½s	148,875	150,000	148,875	151,500
Nova Scotia Prov. 1919 4s	25,225	25,000	25,225	25,000
Nova Scotia Prov. 1920 4s	126,362	125,000	126,362	125,000
Nova Scotia Prov. 1920 4s	252,825	250,000	252,825	250,000
Richmond, Va., 1924 4s	9,961	10,000	9,961	9,800
Richmond, Va., 1926 4s	956	1,000	956	980
Richmond, Va., gas wks. 1941 4s	100,000	100,000	100,000	97,000
Richmond, Va., el. lt. H 1942 4s	300,000	300,000	300,000	291,000
Salt Lake City, Utah, wtr. 1952 4s	852,805	850,000	852,805	824,500
Salt Lake City, Utah, sew. 1925 4s	150,495	150,000	150,495	145,500
Savannah, Ga., rfdg. 1959 4½s	1,052,340	1,000,000	1,052,340	1,110,000
Tennessee settlement 1913 3s	196,400	200,000	196,400	196,000
Topeka, Kansas, water 1924 4s	297,720	300,000	297,720	294,000
Toronto, Ont., Can., 1918 4s	490,978	498,000	490,978	493,020
Ala. Gt. So. R. R. gen. 1927 5s	255,821	243,500	255,821	255,675
Atch. T. & S. F. Ry. deb. 1913 4s	144,934	146,000	144,934	146,000
Atch. T. & S. F. Ry. deb. 1914 4s	134,082	136,000	134,082	134,640
Atch. T. & S. Fe Ry. gen. 1995 4s	4,650,500	5,000,000	4,650,500	4,950,000
Atch. T. & S. F. Ry. Transcon. Short Line 1st 1958 4s	1,409,850	1,500,000	1,409,850	1,395,000
Atlantic & Yadkin Ry. 1st guar. by Southern Ry. 1949 4s	342,055	350,000	342,055	301,000
Atl. Coast Line R. R. 1st cons. 1952 4s	1,430,792	1,500,000	1,430,792	1,425,000
Atl. Coast Line R. R., Louisv. & Nashv. coll. 1952 4s	2,833,200	3,000,000	2,833,200	2,850,000
Atl. Coast L. R. R. equip. 1913 4s	108,438	110,000	108,438	110,000
Atl. Coast L. R. R. equip. 1913 4s	107,789	110,000	107,789	110,000
Atl. Coast L. R. R. equip 1914 4s	155,760	160,000	155,760	158,400
Atl. Coast L. R. R. equip. 1914 4s	154,848	160,000	154,848	158,400
Atl. Coast L. R. R. equip. 1915 4s	12,859	13,000	12,859	12,740
Atl. Coast L. R. R. equip. 1915 4s	12,839	13,000	12,839	12,740
Atl. Coast L. R. R. equip. 1916 4s	20,473	21,000	20,473	20,580
Atl. Coast L. R. R. equip. 1916 4s	9,843	10,000	9,843	9,800
Atl. Coast L. R. R. equip. 1917 4s	4,914	5,000	4,914	4,900
Atl. Coast L. R. R. equip. B 1912 4½s	24,988	25,000	24,988	25,000
Atl. Coast L. R. R. equip. B 1912 4½s	24,976	25,000	24,976	25,000

	Book value.	Par value.	Amortized value.	Market value.
BONDS—continued.				
Atl. Coast L. R. R. equip. B 1913 4½s	$24,964	$25,000	$24,964	$25,000
Atl. Coast L. R. R. equip. B 1913 4½s	24,953	25,000	24,953	25,000
Atl. Coast L. R. R. equip. B 1914 4½s	24,941	25,000	24,941	25,000
Atl. Coast L. R. R. equip. B 1914 4½s	24,931	25,000	24,931	25,000
Atl. Coast L. R. R. equip. B 1915 4½s	24,920	25,000	24,920	25,000
Atl. Coast L. R. R. equip. B 1915 4½s	24,909	25,000	24,909	25,000
Atl. Coast L. R. R. equip. B 1916 4½s	24,899	25,000	24,899	25,000
Atl. Coast L. R. R. equip. B 1916 4½s	24,899	25,000	24,899	25,000
Atl. Coast L. R. R. equip. B 1917 4½s	24,879	25,000	24,879	25,000
Atl. Coast L. R. R. equip. B 1917 4½s	24,870	25,000	24,870	25,000
Atl. Coast L. R. R. equip. B 1918 4½s	24,861	25,000	24,861	25,000
Atl. Coast L. R. R. equip. B 1918 4½s	24,852	25,000	24,852	25,000
Atl. Coast L. R. R. equip. B 1919 4½s	24,843	25,000	24,843	25,000
Atl. Coast L. R. R. equip. B 1919 4½s	24,834	25,000	24,834	25,000
Atl. Coast L. R. R. equip. B 1920 4½s	24,826	25,000	24,826	25,000
Atl. Coast L. R. R. equip. B 1920 4½s	24,817	25,000	24,817	25,000
Atl. Coast L. R. R. equip. B 1921 4½s	24,809	25,000	24,809	25,000
Atl. Coast L. R. R. equip. B 1921 4½s	24,801	25,000	24,801	25,000
B. & O. R. R. prior lien 1925 3½s	6,209,450	6,500,000	6,209,450	5,980,000
Balt. & O. R. R. Southwestern div. coupon 1925 3½s	2,568,883	2,767,000	2,568,883	2,517,970
Balt. & O. R. R. Southwestern div. registered 1925 3½s	27,018	30,000	27,018	27,300
Balt & O. R. R., P. L. E. & W. V. Sys. refunding 1941 4s	1,923,285	1,950,000	1,923,285	1,774,500
Broadway & 7th Av. R. R. 1st cons. N. Y. City 1943 5s	1,882,000	2,000,000	1,882,000	2,000,000
Brook., Queens & Suburban R. R. 1st Brooklyn, N. Y., 1941 5s	920,368	920,000	920,368	920,000
Buff., Roch. & Pitts. Ry. cons. 1957 4½s	616,620	600,000	616,620	636,000
Buff., Roch. & Pitts. Ry. equipment E 1922 4½s	327,665	325,000	327,665	325,000
Buff., Roch. & Pitts. Ry. equipment G 1929 4s	654,695	671,000	654,695	637,440
Canada Southern Ry. 1st ext. 1913 6s	531,802	528,000	531,802	538,560
Canada Southern Ry. 2d coupon 1913 5s	740,953	735,000	740,953	725,000
Canada Southern Ry. 2d reg. 1913 5s	15,088	15,000	15,088	15,000
Can. No. Ry. Winn. ter. 1939 4s	483,000	500,000	483,000	500,000
Central Branch Ry. 1st 1919 4s	267,366	279,000	267,366	256,680
Central of Ga. Ry. 1st 1945 5s	2,416,932	2,520,000	2,416,932	2,822,400
Central of Ga. Ry. cons. 1945 5s	892,995	815,000	892,995	895,350
Central of Ga. Ry. notes 1912 5s	649,480	650,000	649,480	650,000
Cen. of Ga. Ry. eq. H 1915 4½s	25,015	25,000	25,015	24,750
Cen. of Ga. Ry. eq. H 1915 4½s	25,017	25,000	25,017	24,750
Central of Ga. Ry. eq. assoc. I 1912 4½s	67,000	67,000	67,000	67,000
Central of Ga. Ry. eq. assoc. I 1912 4½s	7,990	8,000	7,990	7,920
Central of Ga. Ry. eq. assoc. I 1913 4½s	996	1,000	996	1,000
Central of Ga. Ry. eq. assoc. I 1914 4½s	15,034	15,000	15,034	14,850
Central of Ga. Ry. eq. assoc. K 1912 5s	25,010	25,000	25,010	25,000
Central of Ga. Ry. eq. assoc. K 1912 5s	19,030	19,000	19,030	19,000
Central of Ga. Ry. eq. assoc. K 1913 5s	30,087	30,000	30,087	30,000
Central of Ga. Ry. eq. assoc. K 1913 5s	28,112	28,000	28,112	27,000
Central of Ga. Ry. eq. assoc. K 1914 5s	31,171	31,000	31,171	31,310
Central of Ga. Ry. eq. assoc. K 1914 5s	28,174	28,000	28,174	27,720
Central of Ga. Ry. eq. assoc. K 1915 5s	34,248	34,000	34,248	34,340
Central of Ga. Ry. eq. assoc. K 1915 5s	18,149	18,000	18,149	17,640
Central of Ga. Ry. eq. assoc. K 1916 5s	38,353	38,000	38,353	37,240
Central of Ga. Ry. eq. assoc. K 1917 5s	3,034	3,000	3,034	2,910
Cen. Pac. Ry. 1st ref. guar. by So. Pac. Co. 1949 4s	8,418,400	8,500,000	8,418,400	8,160,000
Ches. & O. Ry. gen. 1992 4½s	2,479,600	2,500,000	2,479,600	2,550,000
Ches. & O. Ry. eq. H 1912 4s	49,850	50,000	49,850	50,000
Ches. & O. Ry. eq. H 1912 4s	49,545	50,000	49,545	50,000
Ches. & O. Ry. eq. H 1913 4s	49,215	50,000	49,545	49,500
Chic. & Alton. R. R. ref. 1949 3s	5,870,200	7,000,000	5,870,200	4,970,000
Chic. & Alt. eq. ass. C 1912 4s	49,920	50,000	49,920	50,000
Chic. & Alt. eq. ass. C 1912 4s	49,800	50,000	49,800	50,000
Chic. & Alt. eq. ass. C 1913 4s	49,680	50,000	49,680	49,500
Chic. & Alt. eq. ass. C 1913 4s	49,565	50,000	49,565	49,500
Chic. & Alt. eq. ass. C 1914 4s	49,450	50,000	49,450	49,000
Chic. & Alt. eq. ass. C 1914 4s	49,340	50,000	49,340	49,000
Chic. & Alt. eq. ass. C 1915 4s	49,235	50,000	49,235	49,000
Chic. & Alt. eq. ass. C 1915 4s	49,130	50,000	49,130	49,000
Chic. & No. Ry. deb. 1921 5s	1,702,302	1,675,000	1,702,302	1,675,000
Chic. & No. Ry. deb. coup. 1933 5s	89,828	85,000	89,828	92,650
Chic. & No. Ry. deb. reg. 1933 5s	501,980	475,000	501,980	511,500
Chic. & No. Ry. gen. 1987 3½s	935,100	1,000,000	935,100	870,000
Chic. & No. Ry. ext. 1926 4s	1,967,400	2,000,000	1,967,400	1,960,000
Chic. & W. R. R. c. gr. 1952 4s	2,347,750	2,500,000	2,347,750	2,300,000
Chic. B. & Q. R. R. gen. 1958 4s	1,272,116	1,285,000	1,272,116	1,246,450
Chic. B. & Q. R. R. deb. 1913 5s	569,136	568,000	569,136	573,000
Chic. Ind. & So. R. R. 1956 4s	4,514,500	5,000,000	4,514,500	4,600,000
Chic. Ind. & L. Ry. ref. ser. C. 1947 4s	935,300	1,000,000	935,300	990,000
C. I. & L. Ry. eq. A 1912 4½s	15,992	16,000	15,992	16,000

	Book value.	I'ar v
BONDS—continued.		
r. eq. A 1912 4½s	$15,973	$1
eq. A 1913 4½s	15,954	1
eq. A 1913 4½s	15,934	1
eq. A 1914 4½s	15,917	1
q. A 1914 4½s	15,899	1
A 1915 4½s	15,882	1
A 1915 4½s	15,866	1
A 1916 4½s	15,849	1
1916 4½s	15,834	1
1917 4½s	15,818	1
1917 4½s	15,802	1
918 4½s	15,787	1
18 4½s	15,773	1
9 4½s	16,743	1
4½s	16,728	1
4½s	16,714	1
½s	16,701	1
e	16,685	1
9 4s	2,370,200	2,5
0 4s	1,000,000	1,0
4s	924,312	9
4s	328,350	3
ral trust 1914 4s	238,927	2
al trust 1915 4s	123,562	1
al trust 1916 4s	128,063	1
l trust 1917 4s	122,787	1
trust 1918 4s	127,283	1
34 4s	4,376,000	5,0
4½s	7,961	
4½s	73,563	
½s	74,377	
s	99,220	1
	168,453	1
	182,142	1
	110,824	1
	98,900	1
	1,962	
	11,758	
	2,935	
	27,322	
	35,086	
	22,386	
	22,361	
	27,188	
	7,759	
	2,906	
	19,354	
	19,332	
	18,344	
	17,361	
	17,343	
	603,915	6
	316,040	1,2
	8,908	2
	3,906	
	765	
	6329	
	992	
	21	
	7	

	Book value.	Par value.	Amortized value.	Market value
BONDS—continued.				
Cinc., N. Orl. & Tex. Pac. R. R. equip. C 1920 4½s	$24,707	$25,000	$24,707	$24,500
Cinc., N. Orl. & Tex. Pac. R. R. equip. C 1920 4½s	24,692	25,000	24,692	24,500
Cinc., N. Orl. & Tex. Pac. R. R. equip. C 1921 4½s	24,680	25,000	24,680	24,500
Cinc., Sand. & Cleve. R. R. cons. 1928 5s	528,697	513,000	526,697	548,910
Cleve., Cinc., Chic. & St. Louis Ry. gen. 1993 4s	185,260	200,000	185,260	186,000
Cleve., Cinc. & S. L. Ry. White Wtr. Val. Div. 1st 1940 4s	187,080	200,000	187,080	182,000
Colo. & So. Ry. 1st 1929 4s	841,405	855,000	841,405	829,350
Colo. & So. Ry. rfdg. & ext. 1935 4½s	4,957,779	5,000,000	4,957,779	4,850,000
Colo. Spgs. & Crip. Creek Dist. Ry. 1st 1930 5s	209,238	200,000	209,238	208,000
Col. & Greenv. R. R. 1st 1916 6s	207,517	199,000	207,517	210,940
D. & H. Co. 1st lien eq. 1922 4½s	2,520,787	2,625,000	2,520,787	2,651,250
D. & H. Co. 1st & rfdg. 1943 4s	1,927,200	2,000,000	1,927,200	1,980,000
Det. River Tun. Co. Det. Term. & Tunnel 1st 1961 4½s	1,515,625	1,500,000	1,515,625	1,500,000
Dul. Union Dep. Co. 1st Dul. Minn. 1930 5s	306,240	300,000	306,240	309,000
East Tenn., Va. & Ga. R. R. 1st Div. 1930 5s	148,901	140,000	148,901	151,200
El Paso & Rock Is. Ry. 1951 5s	1,043,700	1,000,000	1,043,700	1,020,000
Erie R. R. car trust J 1912 4s	46,619	47,000	46,619	47,000
Erie R. R. car trust J 1912 4s	46,065	47,000	46,065	47,000
Erie R. R. car trust J 1913 4s	45,524	47,000	45,524	46,530
Erie R. R. car trust J 1913 4s	45,002	47,000	45,002	46,530
Erie R. R. car trust J 1914 4s	44,495	47,000	44,495	46,060
Erie R. R. car trust J 1914 4s	44,006	47,000	44,006	46,060
Erie R. R. car trust J 1915 4s	43,531	47,000	43,531	46,060
Erie R. R. car trust J 1915 4s	43,071	47,000	43,071	46,060
Erie R. R. car trust J 1916 4s	42,624	47,000	42,624	45,590
Erie R. R. car trust J 1916 4s	51,169	57,000	51,169	55,290
Erie R. R. eq. tr. Q 1914 4½s	29,820	30,000	29,820	29,700
Erie R. R. eq. tr. Q 1915 4½s	34,751	35,000	34,751	34,650
Erie R. R. eq. tr. Q 1915 4½s	34,713	35,000	34,713	34,650
Erie R. R. eq. tr. Q 1916 4½s	29,724	30,000	29,724	29,700
Erie R. R. eq. tr. Q 1916 4½s	34,643	35,000	34,642	34,650
Erie R. R. eq. tr. Q 1917 4½s	34,608	35,000	34,608	34,650
Erie R. R. eq. tr. Q 1917 4½s	29,634	30,000	29,634	29,700
Erie R. R. eq. tr. Q 1918 4½s	34,541	35,000	34,541	34,650
Erie R. R. eq. tr. Q 1918 4½s	34,510	35,000	34,510	34,650
Erie R. R. eq. tr. Q 1919 4½s	29,553	30,000	29,553	29,400
Erie R. R. eq. tr. Q 1919 4½s	34,447	35,000	34,447	34,300
Erie R. R. eq. tr. Q 1920 4½s	34,419	35,000	34,419	34,300
Erie R. R. eq. tr. Q 1920 4½s	29,478	30,000	29,478	29,400
Erie R. R. eq. tr. Q 1921 4½s	34,356	35,000	34,356	34,300
Erie R. R. eq. tr. Q 1921 4½s	34,335	35,000	34,335	34,300
Erie R. R. Penna. col. 1951 4s	3,882,462	4,210,000	3,882,462	3,746,900
Erie R. R. 1st cons. 1920 7s	827,227	708,000	827,227	835,440
Fort St. Un. Dep. Co. 1st Detroit, Mich. 1941 4½s	50,980	50,000	50,980	46,500
Georgia Pac. Ry. 1st 1922 6s	695,908	619,000	695,908	699,470
Ga. R. R. & Bank Co. deb. 1922 5s	1,000,000	1,000,000	1,000,000	1,000,000
Gt. North. Ry. 1st & rfdg. ser. A 1961 4½s	507,300	500,000	507,300	505,000
Hock. Val. Ry. car tr. No. 1 of 1908, 1916 4s	1,972	2,000	1,972	1,940
Hock. Val. Ry. car tr. No. 1 of 1908, 1916 4s	24,612	25,000	24,612	24,250
Hock. Val. Ry. car tr. No. 1 of 1908, 1917 4s	24,575	25,000	24,575	24,000
Hock. Val. Ry. car tr. No. 1 of 1908, 1917 4s	24,537	25,000	24,537	24,000
Hock. Val. Ry. car tr. No. 1 of 1908, 1918 4s	22,542	23,000	22,542	22,080
Ill. Cent. R. R. rfdg. 1955 4s	2,431,600	2,500,000	2,431,600	2,400,000
Ind. & St. L. R. R. 1st A 1919 7s	105,470	100,000	105,470	117,000
Ind. & St. L. R. R. 1st B 1919 7s	290,042	275,000	290,042	321,750
Jamest. Frankl., & Clearf. R. R. 1st 1959 4s	949,200	1,000,000	949,200	940,000
Kans. City, Ft. Scott & Memp. R. R. cons. 1928 6s	1,178,600	1,000,000	1,178,600	1,170,000
Kans. City, Fort Scott & Mem. Ry. equip. B 1912 4½s	27,994	28,000	27,994	28,000
Kans. City, Fort Scott & Mem. Ry. equip B 1912 4½s	7,989	8,000	7,989	8,000
Kans. City, Fort Scott & Mem. Ry. equip. B 1913 4½s	37,901	38,000	37,901	38,000
Kans. City, Fort Scott & Mem. Ry. equip. B 1913 4½s	55,787	56,000	55,787	56,000
Kans. City, Fort Scott & Mem. Ry. equip. B 1914 4½s	69,657	70,000	69,657	69,300
Kans. City, Fort Scott & Mem. Ry. equip. B 1914 4½s	84,490	85,000	84,490	84,150
Kans. City, Fort Scott & Mem. Ry. equip. B 1915 4½s	72,482	73,000	72,482	72,270
Kans. City, Fort Scott & Mem. Ry. equip. B 1915 4½s	59,508	60,000	59,508	59,400
Knoxv. & Ohio R. R. 1st 1925 6s	57,470	50,000	57,470	57,500
Lehigh & L. E. R. R. 1st 1957 4½s	1,904,000	2,000,000	1,904,000	2,000,000
Lehigh Val. R. R. gen. cons. 2003 4s	1,474,950	1,500,000	1,474,950	1,470,000
Long Isl. R. R. rfdg. 1949 4s	2,415,750	2,500,000	2,415,750	2,375,000
Los Ang. Pac. Co. 1st rfdg. 1950 4s	886,039	1,029,000	886,039	885,270

	Book value.	Par value.	Amortized value.	Market value.
BONDS—continued.				
Oregon Short Line R. R. ref. guar. by U. P. R. R. 1929 4s	$2,884,800	$3,000,000	$2,884,800	$2,820,000
Oregon-Wash. R. R. & Nav. Co. 1st & rfdg. guar. by U. P. 1961 4s	1,853,100	2,000,000	1,853,100	1,880,000
Penn. Co. series B 1941 3½s	232,485	235,000	232,485	202,150
Penn. Co. series C 1942 3½s	1,385,322	1,492,000	1,385,322	1,227,880
Penn. Co. series D 1944 3½s	2,557,568	2,756,000	2,557,568	2,432,840
Pennsylvania Co. 1931 4s	1,677,560	1,700,000	1,677,560	1,666,000
Pennsyl. R. R. conv. 1915 3½s	5,990,654	6,053,000	5,990,654	5,871,940
Pennsylvania Steel Car Trust guar. by Penn. R. R. 1912 3½s	49,745	50,000	49,745	50,000
Pennsylvana Steel Car Trust guar. by Penn. R. R. 1912 3½s	292,758	295,000	292,758	295,000
Peoria & E. Ry. 1st cons. 1940 4s	235,082	251,000	235,082	230,920
Pitts., Cinn., Chi. & St. L. Ry. cons. F 1953 4s	1,018,500	1,000,000	1,018,500	960,000
Pitts., Cinn., Chi. & St. L. Ry. cons. G 1957 4s	1,930,800	2,000,000	1,930,800	1,980,000
Reading Co. N. J. C. coll. 1951 4s	1,339,800	1,500,000	1,339,800	1,470,000
Richmond & D. R. R. deb. 1927 5s	206,480	200,000	206,480	210,000
Richmond & D. R. R. cons. 1915 6s	513,375	501,000	513,375	536,050
Roch. & P. R. R. 1st cons. 1922 6s	369,912	326,000	369,912	378,160
Rock Island-Frisco Ter. Ry. 1st guar. 1927 5s	373,692	380,000	373,692	383,800
Rutland R. R. 1st cons. 1941 4½s	389,800	400,000	389,800	392,000
St. Jos. & G. I. Ry. 1st 1947 4s	481,750	500,000	481,750	440,000
St. L. & S. F. R. R. gen. 1931 5s	110,160	100,000	110,160	108,000
St. L. & S. F. R. R. rfdg. 1951 4s	425,600	500,000	425,600	400,000
St. L., Iron Mtn. & So. Ry. unifying & rfdg. 1929 4s	1,059,380	1,175,000	1,059,380	940,000
St. Paul & D. R. R. 2d 1917 5s	183,907	175,000	183,907	180,250
St. Paul & No. P. Ry. gen. 1923 6s	176,661	162,000	176,661	166,300
St. Paul & No. P. Ry. gen. 1923 6s	87,888	80,000	87,888	92,000
St. Paul City Ry. 1st cons. St. P. Minn. 1934 6s	299,370	300,000	299,370	348,000
Seaboard Air Line Ry. rfdg. 1959 4s	206,300	250,000	206,300	207,500
Second Ave. R. R. 1st cons. (Guar. Trust Co. cert. of dep.) 1948 5s	200,000	500,000	225,000	225,000
So. Pac. Co. S. F. T. 1st 1950 4s	1,386,100	1,500,000	1,386,100	1,365,000
So. Pac. R. R. 1st rfdg. 1955 4s	6,205,550	6,500,000	6,205,550	6,175,000
So. Ry. develop & gen. series "A" 1956 4s	1,577,600	2,000,000	1,577,600	1,580,000
So. Ry. 1st cons. 1994 5s	5,561,850	4,975,000	5,561,850	5,373,000
So. Ry. E. Tenn. Reorg. 1938 5s	751,050	664,000	751,050	703,840
So. Ry. Memphis div. 1st 1996 5s	1,545,870	1,450,000	1,545,870	1,540,300
So. Ry. M. & O. coll. 1938 4s	284,232	295,000	284,232	253,700
So. Ry. equip. L 1913 4½s	36,944	37,000	36,944	37,000
So. Ry. equip. L 1914 4½s	24,950	25,000	24,950	25,000
So. Ry. equip. L 1914 4½s	12,969	13,000	12,969	13,000
So. Ry. equip. L 1915 4½s	16,944	17,000	16,944	17,000
So. Ry. equip. L 1917 4½s	23,892	24,000	23,892	23,760
So. Ry. equip. L 1917 4½s	8,956	9,000	8,956	8,910
So. Ry. equip. L 1919 4½s	20,866	21,000	20,866	20,790
So. Ry. equip. L 1920 4½s	193,420	200,000	193,420	198,000
So. Ry. equip. L 1920 4½s	289,620	300,000	289,620	297,000
So. Ry. equip. M 1913 4½s	24,977	25,000	24,977	25,000
So. Ry. equip. M 1914 4½s	9,989	10,000	9,989	10,000
So. Ry. equip. M 1915 4½s	24,960	25,000	24,960	25,000
So. Ry. equip. M 1915 4½s	24,955	25,000	24,955	25,000
So. Ry. equip. M 1916 4½s	14,970	15,000	14,970	15,000
So. Ry. equip. M 1916 4½s	24,945	25,000	24,945	25,000
So. Ry. equip. M 1917 4½s	24,940	25,000	24,940	24,750
So. Ry. equip. M 1917 4½s	24,935	25,000	24,935	24,750
So. Ry. equip. M 1918 4½s	24,930	25,000	24,930	24,750
So. Ry. equip. M 1918 4½s	24,925	25,000	24,925	24,750
So. Ry. equip. M 1919 4½s	24,922	25,000	24,922	24,750
So. Ry. equip. N 1912 4½s	17,978	18,000	17,978	18,000
So. Ry. equip. N 1912 4½s	996	1,000	996	1,000
So. Ry. equip. N 1913 4½s	58,652	59,000	58,652	59,000
So. Ry. equip. N 1913 4½s	59,508	60,000	59,508	60,000
So. Ry. equip. N 1914 4½s	4,947	5,000	4,947	5,000
So. Ry. equip. N 1915 4½s	30,541	31,000	35,541	31,000
So. Ry. equip. N 1915 4½s	15,730	16,000	15,730	16,000
Suf. & Car. Ry. 1st cons. 1952 5s	177,614	171,000	177,614	176,130
Sup. Short Line Ry. 1st 1930 5s	1,083,100	1,000,000	1,083,100	1,090,000
Third Ave. R. R. 1st cons. 4 N. Y. city (Cent. Trust Co. ctf. of deposit) 2000 4s	1,184,000	2,368,000	1,799,680	1,798,[illegible]
Tidewtr. Co. 1st lien con. 1913 6s	496,900	500,000	496,900	505,[illegible]
Tol. & O. Cent. Ry. car tr. 1912 4s	11,824	12,000	11,824	12,[illegible]
Tol. & O. Cent. Ry. car tr. 1913 4s	27,362	28,000	27,364	28,[illegible]
Tol. & O. Cent. Ry. car tr. 1913 4s	27,143	28,000	27,143	28,[illegible]
Tol. & O. Cent. Ry. car tr. 1914 4s	9,617	10,000	9,617	[illegible]
Tol. & O. Cent. Ry. car tr. 1915 4s	9,470	10,000	9,470	[illegible]
Tol. & O. Cent. Ry. car tr. 1915 4s	11,280	12,000	11,280	[illegible]
T. & O. C. Ry. car tr. B 1916 4s	38,740	40,000	38,740	[illegible]
T. & O. C. Ry. car tr. B 1916 4s	38,600	40,000	38,600	[illegible]

	Book value.	Par value.	Amortized value.	Market value.
BONDS—continued.				
T. & O. C. Ry. car tr. B 1917 4s	$57,696	$60,000	$57,696	$58,200
T. & O. C. Ry. car tr, B 1917 4s	19,164	20,000	19,164	19,400
T. & O. C. Ry. car tr. B 1918	4,759	5,000	4,759	4,850
T. & O. C. Ry. car tr. B 1919 4s	13,238	14,000	13,238	13,440
Tol. Peo. & West Ry. 1st 1917 4s	94,640	100,000	94,640	94,000
U. Pac. R. R. 1st l. & rfdg. 2008 4s	1,902,200	2,000,000	1,902,200	1,940,000
Union Ry. of N. Y. 1st N. Y. city 1942 5s	403,120	400,000	403,120	416,000
Utah & No. Ry. 1st ext. 1933 4s	967,800	1,000,000	967,800	970,000
Vandalia R. R. cons. ser. A 1955 4s	2,531,250	2,500,000	2,531,250	2,400,000
Vandalia R. R. cons. ser. B 1957 4s	480,700	500,000	480,700	480,000
Wabash R. R. 1st 1939 5s	3,156,900	3,000,000	3,156,900	3,150,000
Washington Ry. & Elec. Co. cons. Washington, D. C., 1951 4s	1,209,812	1,625,000	1,209,812	1,381,250
Western Md. R. R. 1st 1952 4s	858,300	1,000,000	858,300	880,000
Western Ry. of Ala. 1st cons. guar. by Georgia R. R. 1918 4½s	1,366,638	1,365,000	1,366,638	1,324,050
Wis. Cent. Ry. 1st gen. 1949 4s	428,985	450,000	428,985	418,500
Wisconsin Cent. Ry., Minneapolis Terminal 1st 1950 3½s	83,460	100,000	83,460	81,000
Wisconsin Cent. Ry., S. & D. Div. & Terminal 1st 1936 4s	187,280	200,000	187,280	184,000
Armour & Co. r. est. 1st 1939 4½s	1,912,200	2,000,000	1,912,200	1,840,000
Atlas Port. Cem. Co. 1st 1925 6s	428,240	400,000	428,240	412,000
Brooklyn & New York Ferry Co. 1st 1911 6s	188,500	188,500	171,535	171,535
Brooklyn Union Gas Co. 1st cons. 1945 5s	2,913,380	2,723,000	2,913,380	2,886,380
Equitable Gas Light Co. 1st cons. N. Y. City 1932 5s	521,400	500,000	521,400	530,000
Hoboken Ferry Co. 1st N. Y. City 1946 5s	2,204,619	2,165,000	2,204,619	2,273,250
Hudson Coal Co. deb. 1912 4s	100,000	100,000	100,000	100,000
Hudson Coal Co. deb. 1913 4s	100,000	100,000	100,000	99,000
Hudson Coal Co. deb. 1914 4s	100,000	100,000	100,000	99,000
Hudson Coal Co. deb. 1915 4s	100,000	100,000	100,000	98,000
Hudson Coal Co. deb. 1916 4s	100,000	100,000	100,000	98,000
Hudson Coal Co. deb. 1917 4s	50,000	50,000	50,000	49,000
International Mercantile Marine coll. trust 1922 4½s	951,150	1,500,000	951,150	1,005,000
Jefferson & Clearfield Coal & Iron Co. 1st 1926 5s	473,851	487,000	473,851	491,870
Laclede Gas Light Co. 1st St. Louis, Mo., 1919 5s	949,900	1,000,000	949,900	1,020,000
Lehigh & Wilkes-Barre Coal Co. 1912 5s	105,399	105,000	105,399	105,000
Lehigh & Wilkes-Barre Coal Co. cons. 1920 4s	948,052	980,000	948,052	970,200
Lehigh & Wilkes-Barre Coal Co. cons. 1925 4s	494,000	520,000	494,000	514,800
Lehigh & Wilkes-Barre Coal Co. cons. 1930 4s	946,300	1,000,000	946,300	980,000
Long Branch Water Supply Co., Long Branch, N. J., 1913 5s	100,000	100,000	100,000	100,000
New York & East River Gas Co. 1st N. Y. City 1944 5s	247,650	250,000	247,650	262,500
N. Y. Dock Co. 1st 1951 4s	2,800,395	3,050,000	2,800,395	2,531,500
N. Y. Dock Co. 1st 1951 4s	20,515	22,000	20,515	18,260
Ocean Steamship Co. 1st 1920 5s	497,652	498,000	497,652	512,940
Palace Hotel Co., of San Fran., 1st San Fran., Cal., 1928 6s	1,850,000	1,850,000	1,850,000	1,887,000
Phila. Brse. 1st Phila., Pa., 1913 5s	275,852	275,000	275,852	272,250
U. S. Mtg. & Tr. Co. ser. E 1917 4s	145,000	145,000	145,000	145,000
U. S. Mtg. & Tr. Co. ser. G 1918 4s	94,943	95,000	94,943	95,000
U. S. Mtg. & Tr. Co. ser. H 1918 4s	783,000	783,000	783,000	783,000
U. S. Mtg. & Tr. Co. ser. I 1919 4s	556,000	556,000	556,000	556,000
U. S. Mtg. & Tr. Co. ser. J 1919 4s	305,000	305,000	305,000	305,000
U. S. Mtg. & Tr. Co. ser. K 1920 4s	635,000	635,000	635,000	635,000
U. S. Mtg. & Tr. Co. ser. L 1921 4s	851,000	851,000	851,000	851,000
U. S. Mtg. & Tr. Co. ser. M 1922 4s	376,396	377,000	376,396	377,000
U. S. Mtg. & Tr. Co. ser. N 1922 4s	501,000	501,000	501,000	501,000
Wash. Water Power Co. 1st rfdg. Spokane, Wash., 1939 5s	254,900	250,000	254,900	257,500
Westchest. Light Co. 1st 1950 5s	523,750	500,000	523,750	525,000
West. U. Tel. Co. coll. tr. 1938 5s	1,034,100	1,000,000	1,034,100	1,010,000
STOCKS.			Market value.	
124,700 Brooklyn City R. R	2,409,210	1,247,000	2,094,960	2,094,960
5,000 Chic. & N. W. Ry. pfd	459,077	500,000	985,000	985,000
19,000 Chic., M. & S. P. Ry. pfd	1,893,935	1,900,000	2,755,000	2,755,000
14,400 Cleve. & Pitts. R. R. btm	761,544	720,000	705,600	705,600
10,005 Del., Lacka. & West. R. R	805,615	500,250	2,701,350	2,701,350
1,000 Ga. R. R. & Banking Co	194,532	100,000	266,000	266,000
5,500 Illinois Central R. R	742,797	550,000	770,000	770,000
1,750 Lackawanna R. R. Co	157,500	175,000	168,000	168,000
9,000 Morris & Essex R. R	734,555	450,000	787,500	787,500
5,670 N. Y. C. & H. R. R. R	758,369	565,000	615,850	615,850
10,000 N. Y. & Harlem R. R	1,071,456	500,000	1,725,000	1,725,000
35,640 N. Y., N. H. & H. R. R	5,553,599	3,564,00	4,882,680	4,882,680

	Book value.	Par value.	Market value.	Market value.
STOCK —continued.				
60,000 Pennsylvania R. R	$3,402,815	$3,000,000	$3,690,000	$3,690,000
8,000 Rens. & Saratoga R. R	1,422,222	800,000	1,496,000	1,496,000
6,000 Pittsb., Ft. W. & Chic. Ry	1,007,541	600,000	1,002,000	1,002,000
2,000 Sixth Av. R. R., N. Y. City	254,751	200,000	240,000	240,000
9,500 Bk. of Cal. Nat. Assn., San Francisco, Cal	1,808,817	950,000	1,909,500	1,909,500
1,200 Cent. Tr. Co., N. Y. City	600,000	120,000	1,234,800	1,234,800
1,000 Chem. Nat. Bk., N. Y. City	396,185	100,000	445,000	445,000
1,000 Com. Trust Co. of N. J., Jersey City	300,000	100,000	355,000	355,000
1,000 First Nat. Bk., N. Y. City	443,450	100,000	1,042,000	1,042,000
1,500 Gallatin. Nat. Bk., N. Y. City	292,748	75,000	249,750	249,750
500 Met. Tr. Co., N. Y. City	175,500	50,000	204,000	204,000
1,750 Morristown Tr. Co., Morristown, N. J	525,000	175,000	656,250	656,250
17,294 Nat. Bk. of Com., N. Y. City	2,128,398	1,729,400	3,458,800	3,458,800
2,500 Title Guar. & Tr. Co., New York City	560,501	250,000	1,237,500	1,237,500
15,000 Cons. Gas Co., of N. Y	2,707,506	1,500,000	2,085,000	2,085,000
1,500 D., L. & W. Coal Co	75,000	75,000	232,500	232,500
17,875 N. Y. Dock Co. pfd., Brooklyn, N. Y	715,000	1,787,500	983,125	983,125
Total	327,090,727	328,615,249	334,853,388	331,455,042

NEW YORK LIFE INSURANCE CO.

Schedule of real estate owned, classified by States and countries.

State or country.	Book and market value.
Missouri	$1,337,147.70
New York	6,589,564.30
Austria	335,000.00
France	1,300,000.00
Holland	150,000.00
Hungary	550,000.00
Prussia	355,000.00
Total	10,616,711.90

Schedule of mortgages owned, classified by States and countries.

State or country.	Amount of principal unpaid.	State or country.	Amount of principal unpaid.
Alabama	$1,375,000.00	North Carolina	$50,000.00
Arkansas	323,500.00	Ohio	25,000.00
California	4,989,000.00	Oklahoma	831,000.00
Colorado	212,000.00	Oregon	1,185,000.00
Connecticut	64,000.00	Pennsylvania	2,207,000.00
District of Columbia	480,000.00	South Carolina	85,000.00
Florida	601,500.00	South Dakota	29,475.00
Georgia	593,250.00	Tennessee	135,000.00
Illinois	3,917,500.00	Texas	80,000.00
Iowa	72,000.00	Utah	1,124,000.00
Louisiana	85,000.00	Vermont	50,000.00
Maryland	320,000.00	Virginia	95,000.00
Minnesota	2,094,048.00	Washington	2,431,150.00
Mississippi	101,000.00	West Virginia	108,000.00
Missouri	2,430,500.00	Canada	2,370,000.00
Nebraska	1,119,000.00		
New Jersey	38,500.00	Total	116,298,323.50
New York	86,676,900.50		

	Book value.	Par value.	Market value.	Collateral value.
Argentine internal loan 1905 drawings 5s	$2,911,799	$3,053,000	$2,961,410	$2,961,410
Argentine internal gold loan of 1909 drawings until 1945 5s	680,186	684,019	680,186	684,019
Austrian gold rentes perp. 4s	5,373,714	4,688,082	5,343,028	5,343,028
Austrian-Hungarian rentes perp. 4s	1,017,411	1,116,500	1,016,015	1,016,015
Austrian kronen rentes perp. 4s	1,751,240	1,924,440	1,751,240	1,751,240
Brazilian general pleasure of govt. 5s	528,976	527,000	527,000	527,000
British consols 2½s	970,363	1,302,500	1,002,925	1,002,925
Cape of Good Hope 1949 3½s	49,168	52,000	49,168	50,960
French Congo (gen. govt. of) guar. by French Govt. until 1959 3s	789,898	871,395	789,898	775,542
French rentes perp. 3s	3,752,007	4,007,484	3,807,110	3,807,110
French rentes drawings until 1953 3s	90,106	92,254	90,106	87,641
French W. Africa guar. by French Govt. drawings until 1960 3s	2,312,934	2,575,488	2,312,934	2,266,430
German imperial pleasure of govt. 3s	732,217	886,193	735,540	735,540
German imperial pleasure of govt. 3½s	1,106,434	1,205,922	1,109,448	1,109,448
German Imperial 4s	240,362	238,000	240,362	242,760
Guadeloupe Colony by dawings until 1933 4s	87,458	88,201	87,458	87,319
Hungarian gold rentes perpetual 4s	291,939	263,900	288,236	288,236
Hungarian kronen rentes perpetual 4s	366,922	406,000	369,460	369,460
Imperial Chinese Govt. Hukuang Rys. S. F. gold loan of 1911 (full paid receipts) drawings until 1951 5s	258,104	266,000	258,104	263,340
Indo-China loan of 1909 guar. by Fr. Govt. drawings until 1984 3s	586,220	651,278	586,220	579,638
Italian Govt. pleasure of govt. 3½s	2,082,708	2,067,204	2,108,548	2,108,548
Italian Govt. pleasure of govt. 3½s	373,791	369,177	376,560	376,560
Italian Govt. pleasure of govt. 3s	53	77	54	54
Jap new imp. loan of 1906 drawings until 1936 5s	64,029	78,684	64,029	78,684
Madagascar (col. of) guar. by French Govt. drawings until 1962 3s	6,238	6,851	6,238	6,166
Madagascar (col. of) guar. by French Govt. drawings until 1957 2½s	2,413	2,991	2,413	2,363
Mexican Govt. drawings until 1954 4s	1,814,215	1,927,000	1,814,215	1,792,110
Mexican Govt. extl. cons. drawings until 1945 5s	1,013,227	1,021,410	1,013,227	1,031,624
Mexican Govt. int. debt cons. drawings 5s	713,433	717,018	717,018	717,018
New Zealand debs. 1912 4s	24,332	24,332	24,332	24,332
New Zealand debs. 1916 4s	24,332	24,332	24,332	24,332
New Zealand debs. 1924 4s	24,332	24,332	24,332	24,332
Prussian cons. pleasure of govt. 3s	1,523,617	1,846,808	1,532,851	1,532,851
Prussian cons. pleasure of govt. 3½s	2,274,774	2,479,317	2,280,972	2,280,972
Prussian cons. 1923 4s	2,350,250	2,380,000	2,356,200	2,356,200
Prussian cons. 1918 4s	721,085	714,000	721,085	728,280
Prussian treasury notes 1912	466,728	476,000	466,728	466,480
Queensland debs. 1950 3½s	48,361	48,665	48,361	46,232
Russian Govt. rentes drawings until 1970 4s	403,137	390,500	403,137	359,280
Russian Govt. Agrarians drawings 4s	2,003,625	2,137,200	1,944,852	1,944,852
Servian State loan drawings until 1967 4s	15,359	20,651	15,359	18,586
South Australian cons. July 1, 1916 3s	19,557	24,332	19,709	19,709
South Australian treas. bills 1912 4s	3,650	3,650	3,650	3,650
South Australian treas. bills 1913–14 3½s	4,137	4,137	4,137	4,137
South Australian treas. bills 1913 3½s	2,190	2,190	2,190	2,190
South Australian treas. bills 1914 3½s	1,703	1,703	1,703	1,703
South Australian treas. bills 1917 3½s	1,699	1,703	1,699	1,703
South Australian treas. bills 1918 3½s	1,947	1,947	1,947	1,947
Spanish interior perpetual 4s	163,567	193,000	164,050	164,050
Spanish exterior perpetual 4s	618,256	650,796	605,240	605,240
Swedish state drawings until 1961 3½s	91,317	90,678	91,317	81,610
Swiss Govt. loan of 1883 (Cantonal bk. Berne) 4s	3,860	3,860	3,860	3,860
Swiss Govt. loan of 1897 drawings until 1940 3s	9,778	9,650	9,778	8,203
Swiss Govt. loan of 1903 drawings until 1952 3s	6,762	6,755	6,762	5,674
Tunisian debt drawings until 1988 3s	893,401	1,034,480	893,401	858,618
United States Govt. reg. 1925 4s	121,431	100,000	121,431	113,000
Victorian Govt. 3s	24,333	24,332	24,333	20,439
Wurtemberg state drawings until 1957 3½s	45,645	43,911	45,645	39,959
Alamance Co., N. C., highway imp. 1959 5s	39,004	35,000	39,004	38,500
Arizona, Terr. fdg. 1942 5s	15,014	15,000	15,014	15,000
Asheville, N. C., ref. 1941 5s	106,564	103,000	106,564	107,120
Atlanta, Ga., water 1923 4s	129,391	132,000	129,391	129,360
Atlanta, Ga., sewer and school 1918-20 4½s	91,347	90,000	91,348	91,800
Atlanta, Ga., redpt. 1916 4½s	5,030	5,000	5,030	5,050
Atlantic City, N. J., fire house, water, and park 1945 4½s	328,595	323,000	328,595	332,690
Augsburg, Ger., loan of 1907, drawings until 1963 4s	237,485	238,000	237,485	238,000
Baltimore, Md., public park imp. 1955 4s	100,000	100,000	100,000	101,000
Barmen, Ger., loan of 1907, 1940 4s	339,810	333,200	339,810	333,200
Berlin, Ger., loan of 1904, ser. 2, drawings until 1939 4s	228,205	228,956	228,205	231,246
Berlin, Ger., loan of 1904, ser. 2, 2d issue, drawings until 1939 4s	236,933	236,572	236,933	238,938

	Book value.	Par value.	Amortized value.	Market value.
Birmingham, Ala., fdg. 1941 5s	$524,727	$500,000	$524,727	$530,000
Birmingham, Ala., sewer 1938 5s	106,090	100,000	106,090	106,000
Boston, Mass. (gen. or misc.), 1924 3½s	101,615	100,000	101,615	96,000
Boston, Mass., highway 1934 3½s	605,593	600,000	605,593	564,000
Boston, Mass., highway school and lands 1944 3½s	308,501	300,000	308,501	276,000
Boston, Mass., sewer and loan 1935 3½s	524,502	522,000	524,502	485,460
Boston, Mass., imp. 1945 3½s	1,793,140	1,780,000	1,793,140	1,637,600
Boston, Mass., sewer 1919 3½s	43,554	45,000	45,554	43,650
Boston, Mass., sewer 1936 4s	1,026,864	1,000,000	1,026,864	1,010,000
Bremen, State 3½s	106,059	119,000	105,910	105,910
Buffalo, N. Y., water 1913 3½s	16,667	16,667	16,667	16,500
Buffalo, N. Y., water 1915 3½s	6,667	6,667	6,667	6,533
Buffalo, N. Y., water 1917 3½s	6,667	6,667	6,667	6,533
Buffalo, N. Y., water 1919 3½s	6,667	6,667	6,667	6,467
Butler Co., O., bridge 1921 4½s	10,283	10,000	10,283	10,400
Butler Co., O., bridge 1924 4½s	20,675	20,000	20,676	21,000
Canon City, Colo., ref. 1931 5s	60,000	60,000	60,000	60,000
Charlotte, N. C., school 1941 4½s	101,817	100,000	101,817	101,000
Chattanooga, Tenn., ref. 1939 4½s	109,912	104,000	109,912	106,080
Chattanooga, Tenn., ref. 1941 4½s	53,782	53,000	53,782	54,060
Chicago, Ill., judg. fdg. 1912 4s	75,000	75,000	75,000	
Chicago, Ill., judg. fdg. 1913 4s	100,010	100,000	100,010	
Chicago, Ill., judg. fdg. 1914 4s	75,014	75,000	75,014	
Chicago, Ill., judg. fdg. 1915 4s	75,021	75,000	75,021	
Chicago, Ill., judg. fdg. 1916 4s	100,037	100,000	100,037	
Chicago, Ill., judg. fdg. 1917 4s	75,034	75,000	75,034	
Chicago, Ill., judg. fdg. 1918 4s	75,040	75,000	75,040	1,075,000
Chicago, Ill., judg. fdg. 1919 4s	100,061	100,000	100,061	
Chicago, Ill., judg. fdg. 1920 4s	75,051	75,000	75,051	
Chicago, Ill., judg. fdg. 1921 4s	75,056	75,000	75,056	
Chicago, Ill., judg. fdg. 1922 4s	100,082	100,000	100,082	
Chicago, Ill., judg. fdg. 1923 4s	75,066	75,000	75,066	
Chicago, Ill., judg. fdg. 1924 4s	75,071	75,000	75,071	
Chicago, Ill., gen. corp. 1912 4s	23,000	23,000	23,000	109,000
Chicago, Ill., gen. corp. 1913 4s	86,000	86,000	86,000	
Cocke Co., Tenn., road and bridge 1919 5s	12,341	12,000		12,240
Cocke Co., Tenn., road and bridge 1924 5s	30,277	29,000	69,050	30,150
Cocke Co., Tenn., road and bridge 1929 5s	26,432	25,000		26,000
Crefeld, Ger., loan of 1907, ser. 2, drawings until 1945 4s	283,784	290,122	283,784	290,122
Dallas, Tex., fdg. 1917 6s	97,401	95,000	97,400	101,650
Dallas, Tex., imp. 1928 5s	103,488	106,000	103,488	112,360
Dallas, Tex., water and sewer 1931 5s	243,933	250,000	243,934	270,000
Danzig, Ger., drawings until 1942 4s	992,671	1,010,310	992,671	1,010,310
Delta Co., Colo., ref. 1930 5s	19,953	19,600	19,953	19,992
Dortmund, Ger., drawings until 1939 4s	897,772	918,561	897,772	918,561
Dusseldorf, Ger., loan of 1908 drawings until 1969 4s	272,676	271,558	272,676	271,558
Duval Co., Fla., road 1939 5s	269,758	250,000	269,758	270,000
Essex Co., N. J., park 1915 3.65s	2,000	2,000	2,000	1,980
Essex Co., N. J., park 1920 3.65s	65,000	65,000	65,000	63,700
Essex Co., N. J., park 1925 3.65s	130,000	130,000	130,000	124,800
Everett, Wash., fdg. 1931 5s	103,160	100,000	103,160	103,000
Fort Worth, Tex., water 1922 6s	211,467	200,000	211,467	214,000
Frankfort, Ger., loan of 1910 drawings until 1960 4s	1,081,180	1,071,000	1,081,180	1,081,710
Galt (town of), Ontario, electric power 1931 4½s	25,654	25,000	25,654	25,500
Galt (town of), Ontario, hospital 1931 4½s	24,625	24,000	24,625	24,480
Galveston, Tex., limited debt 1923 5s	40,000	40,000	40,000	
Galveston, Tex., limited debt 1927 5s	54,767	55,000	54,767	167,310
Galveston, Tex., limited debt 1927 5s	73,445	74,000	73,445	
Grainger Co., Tenn., road 1940 5s	103,491	100,000	103,491	104,000
Granville Co., N. C., road 1939 4½s	50,873	51,000	50,873	52,530
Greene Co., Tenn., road annual 1920 5s	25,600	25,000	25,600	25,750
Hamblen Co., Tenn., road 1939 5s	42,494	40,000	42,494	41,600
Hamilton Co., Tenn., road 1941 4½s	102,982	100,000	102,982	103,000
Habana, Cuba treasury drawings until 1939 6s	24,744	25,279	24,745	26,777
Hoke Co., N. C., courthouse and jail 1913 5s	1,004	1,000	1,004	1,000
Hoke Co., N. C., courthouse and jail 1915 5s	1,009	1,000	1,009	1,010
Hoke Co., N. C., courthouse and jail 1917 5s	1,013	1,000	1,013	1,010
Hoke Co., N. C., courthouse and jail 1919 5s	1,017	1,000	1,017	1,020
Hoke Co., N. C., courthouse and jail 1920 5s	2,039	2,000	2,039	2,040
Hoke Co., N. C., courthouse and jail 1921 5s	2,042	2,000	2,042	2,060
Hoke Co., N. C., courthouse and jail 1922 5s	2,046	2,000	2,046	2,040
Hoke Co., N. C., courthouse and jail 1923 5s	2,049	2,000	2,049	2,040
Hoke Co., N. C., courthouse and jail 1924 5s	2,052	2,000	2,052	2,040
Hoke Co., N. C., courthouse and jail 1925 5s	2,055	2,000	2,055	2,040
Hoke Co., N. C., courthouse and jail 1926 5s	2,058	2,000	2,058	2,040
Hoke Co., N. C., courthouse and jail 1927 5s	2,061	2,000	2,061	2,040
Hoke Co., N. C., courthouse and jail 1928 5s	2,063	2,000	2,063	2,040
Hoke Co., N. C., courthouse and jail 1929 5s	2,066	2,000	2,066	2,040
Hoke Co., N. C., courthouse and jail 1930 5s	2,068	2,000	2,068	2,040
Hoke Co., N. C., courthouse and jail 1931 5s	2,071	2,000	2,071	2,040
Hoke Co., N. C., courthouse and jail 1932 5s	2,073	2,000	2,073	2,040

	Book value.	Par value.	Market value.	Value.
Maisonn've, Que., Can. 1951 4½s	$65,028	$63,753	$65,028	$64,391
Massachusetts State 1929 3s	405,399	400,000	405,399	356,000
Massachusetts State 1929 3s	339,538	335,000	399,538	298,150
Massachusetts State 1936 3s	25,389	25,000	25,389	21,500
Massachusetts State 1939 3s	2,976,144	2,943,000	2,976,144	2,501,550
Massachusetts State 1939 3s	1,015,052	1,000,000	1,015,052	850,000
Mecklenburg Co., N. C., 1920 6s	5,353	5,000	5,353	5,450
Memphis, Tenn., tax dis 1915 6s	100,940	100,000	100,940	104,000
Memphis, Tenn., imp. 1946 4½s	301,472	300,000	301,472	306,000
Middletown Ct. sch. dis. 1915 4s	50,000	50,000	50,000	50,000
Milwaukee, Wis., 1912 4s	10,000	10,000	10,000	
Milwaukee, Wis., 1912 4s	21,011	21,000	21,011	
Milwaukee, Wis., 1913 4s	24,026	24,000	24,026	
Milwaukee, Wis., 1913 4s	21,033	21,000	21,033	
Milwaukee, Wis., 1914 4s	21,054	21,000	21,055	
Milwaukee, Wis., 1915 4s	21,075	21,000	21,075	
Milwaukee, Wis., 1916 4s	14,063	14,000	14,063	
Milwaukee, Wis., 1917 4s	21,113	21,000	21,113	
Milwaukee, Wis., 1918 4s	21,131	21,000	21,132	309,000
Milwaukee, Wis., 1919 4s	21,149	21,000	21,149	
Milwaukee, Wis., 1920 4s	21,165	21,000	21,166	
Milwaukee, Wis., 1921 4s	21,182	21,000	21,182	
Milwaukee, Wis., 1922 4s	21,198	21,000	21,198	
Milwaukee, Wis., 1923 4s	21,213	21,000	21,213	
Milwaukee, Wis., 1924 4s	21,227	21,000	21,227	
Milwaukee, Wis., 1925 4s	8,092	8,000	8,092	
Milwaukee, Wis., 1926 4s	1,012	1,000	1,012	
Milwaukee Co., Wis., via. 1912 4s	22,545	22,500	22,545	
Milwaukee Co., Wis., via. 1913 4s	22,612	22,500	22,612	
Milwaukee Co., Wis., via. 1914 4s	22,676	22,500	22,676	
Milwaukee Co., Wis., via. 1915 4s	22,737	22,500	22,737	
Milwaukee Co., Wis., via. 1916 4s	22,796	22,500	22,796	
Milwaukee Co., Wis., via. 1917 4s	22,854	22,500	22,854	
Milwaukee Co., Wis., via. 1918 4s	22,909	22,500	22,909	315,000
Milwaukee Co., Wis., via. 1919 4s	22,962	22,500	22,962	
Milwaukee Co., Wis., via. 1920 4s	23,013	22,500	23,013	
Milwaukee Co., Wis., via. 1921 4s	23,063	22,500	23,063	
Milwaukee Co., Wis., via. 1922 4s	23,110	22,500	23,110	
Milwaukee Co., Wis., via. 1923 4s	23,156	22,500	23,156	
Milwaukee Co., Wis., via. 1924 4s	23,201	22,500	23,201	
Milwaukee Co., Wis., via. 1925 4s	23,243	22,500	23,243	
Mobile Co., Ala., ref. 1931 5s	125,625	117,000	125,625	124,020
Mobile, Ala., ref. 1937 4½s	94,463	100,000	94,463	100,000
Montgomery, Ala., sewer 1918 6s	94,200	91,000	94,290	97,370
Montgomery, Ala., 1921 6s	99,504	95,000	99,504	103,550
Montgomery, Ala., 1924 6s	14,522	14,000	14,522	15,680
Montg'ry, Ala., gen. ind. 1940 5s	64,466	62,000	64,466	65,720
Montreal, Can., 1944 4s	101,829	100,000	101,829	100,000
Morris Co., N. J., road 1935 4s	260,000	260,000	260,000	254,800
Morris Co., Kan., ref. 1913 4½s	4,523	4,500	4,523	4,500
Morris Co., Kan., ref. 1914 4½s	4,537	4,500	4,537	4,545
Morris Co., Kan., ref. 1915 4½s	4,551	4,500	4,551	4,545
Morris Co., Kan., ref. 1916 4½s	4,564	4,500	4,564	4,545
Morris Co., Kan., ref. 1917 4½s	4,576	4,500	4,576	4,545
Morris Co., Kan., ref. 1918 4½s	4,588	4,500	4,588	4,545
Morris Co., Kan., ref. 1919 4½s	4,600	4,500	4,600	4,590
Morris Co., Kan., ref. 1920 4½s	4,611	4,500	4,611	4,590
Morris Co., Kan., ref. 1921 4½s	4,621	4,500	4,621	4,590
Morris Co., Kan., ref. 1922 4½s	4,631	4,500	4,631	4,590
Morris Co., Kan., ref. 1923 4½s	4,641	4,500	4,641	4,590
Muskogee, Okla., fdg. 1929 5s	79,403	74,000	79,403	76,220
Nashville, Tenn., water 1919 4s	300,000	300,000	300,000	294,000
Nash-le, Tenn. T. C. R. R. 1924 4s	462,655	500,000	462,655	485,000
Nashville, Tenn., sewer 1940 4½s	257,516	250,000	257,516	257,500
N. Y. City corp. 1960 4½s	1,570,828	1,550,000	1,570,828	1,581,000
N. Y. City assess. 1914 3½s	500,111	500,000	500,111	495,000
N. Y. City corp. 1929 3½s	1,152,429	1,150,000	1,152,429	1,058,000
N. Y. City corp. 1942 3½s	405,303	400,000	405,303	356,000
N. Y. City corp. 1953 3½s	1,621,207	1,600,000	1,621,207	1,408,000
N. Y. City corp. 1954 3½s	4,920,443	4,845,000	4,920,443	4,263,450
N. Y. City corp. 1954 3½s	156,371	155,000	156,371	136,400
N. Y. City doc 1924 3s	406,842	400,000	406,842	356,000
N. Y. City Morrisania 1916 7s	1,020	1,000	1,020	1,110
N. Y. City Morrisania 1917 7s	1,024	1,000	1,024	1,120
N. Y. City Morrisania 1918 7s	1,028	1,000	1,028	1,130
N. Y. City Morrisania 1919 7s	1,031	1,000	1,031	1,140
N. Y. City Morrisania 1920 7s	1,035	1,000	1,035	1,150
N. Y. City Morrisania 1921 7s	1,038	1,000	1,038	1,220
N. Y. City Morrisania 1922 7s	1,041	1,000	1,041	1,230
N. Y. City Morrisania 1923 7s	1,043	1,000	1,043	1,240
N. Y. City Morrisania 1924 7s	1,046	1,000	1,046	1,250
N. Y. City Morrisania 1925 7s	1,048	1,000	1,048	1,270

	Book value.	Par value.	Amortized value.	Market value.
N. Y. City Morrisania 1926 7s	$1,051	$1,000	$1,051	$1,280
N. Y. City Morrisania 1946 7s	538	500	538	735
N. Y. City Morrisania 1967 7s	1,081	1,000	1,081	1,550
N. Y. City Morrisania 1968 7s	1,081	1,000	1,081	1,550
N. Y. City Morrisania 1969 7s	1,081	1,000	1,081	1,550
N. Y. City Morrisania 1970 7s	541	500	541	775
N. Y. City Morrisania 1973 7s	541	500	541	780
N. Y. City Morrisania 1794 7s	541	500	541	780
N. Y. City Morrisania 1979 7s	1,081	1,000	1,081	1,570
N. Y. City Morrisania 1980 7s	541	500	541	786
N. Y. City West Farms 2123 7s	541	500	541	800
N. Y. City West Farms 2141 7s	1,081	1,000	1,081	1,600
N. Y. City West Farms 2142 7s	541	500	541	800
N. Y. City West Farms 2145 7s	541	500	541	800
N. Y. City West Farms 2147 7s	541	500	541	800
N. Y. City Corlear's Hook Park 1913 3½s	100,512	100,000	100,512	99,000
N. Y. City school 1913 3s	300,532	300,000	300,532	294,000
N. Y. City street 1916 3s	503,589	500,000	503,589	475,000
North Bergen (township of), N. J., fdg. 1941 5s	191,132	174,000	191,132	187,920
North Knoxville, Tenn., 1919 5s	100,000	100,000	100,000	104,000
North Vancouver, British Columbia, sewer and water 1960 5s	103,933	100,000	103,933	105,000
Norwalk, Conn., fdg. 1918 3½s	252,098	250,000	252,098	242,500
Oklahoma, State of, fdg. 1920 4s	46,000	46,000	46,000	46,000
Ontario Prov., Canada, 1936 3½s	45,972	50,000	45,972	47,000
Pawtucket, R. I., highway and bridge 1950 4½s	100,409	95,000	100,409	101,650
Philadelphia, Pa., 1934 3½s	2,535,149	2,500,000	2,535,149	2,350,000
Pueblo Co., Colo., ref. 1931 4½	302,936	300,000	302,936	300,000
Putnam Co., Tenn., road 1939 4½s	49,883	50,000	49,883	50,000
Putnam Co., Tenn., road 1941 4½s	99,758	100,000	99,758	100,000
Quebec City, Canada, 1933 3½s	64,984	70,000	64,984	64,400
Quebec City, Canada, 1914 4½s	50,000	50,000	50,000	50,000
Quebec City, Canada, 1922 4½s	150,000	150,000	150,000	150,000
Quebec City, Canada, 1930 3½s	413,130	425,000	413,130	395,250
Quebec City, Canada, 1931 3½s	96,624	100,000	96,624	92,000
Quebec City, Canada, 1931 3½s	96,161	100,000	96,162	92,000
Raleigh, N. C., building and ref. 1939 5s	156,906	150,000	156,906	159,000
Richmond, Va., 1925 4s	98,259	100,000	98,259	127,400
Richmond, Va., 1926 4s	29,463	30,000	29,463	
Ridgewood, village of, N. J., sewer 1913 5s	5,049	5,000	5,049	5,050
Ridgewood, village of, N. J., sewer 1914 5s	5,079	5,000	5,079	5,050
Ridgewood, village of, N. J., sewer 1915 5s	5,107	5,000	5,107	5,100
Ridgewood, village of, N. J., sewer 1916 5s	5,134	5,000	5,134	5,150
Ridgewood, village of, N. J., sewer 1917 5s	5,160	5,000	5,160	5,150
Ridgewood, village of, N. J., sewer 1918 5s	5,184	5,000	5,184	5,200
Ridgewood, village of, N. J., sewer 1919 5s	5,208	5,000	5,208	5,200
Ridgewood, village of, N. J., sewer 1920 5s	5,231	5,000	5,231	5,200
Ridgewood, village of, N. J., sewer 1921 5s	5,252	5,000	5,252	5,250
Ridgewood, village of, N. J., sewer 1922 5s	5,273	5,000	5,273	5,250
Ridgewood, village of, N. J., sewer 1923 5s	5,293	5,000	5,293	5,300
Ridgewood, village of, N. J., sewer 1924 5s	5,312	5,000	5,312	5,300
Ridgewood, village of, N. J., sewer 1925 5s	5,331	5,000	5,331	5,300
Ridgewood, village of, N. J., sewer 1926 5s	4,813	4,500	4,813	4,815
Rock Hill, S. C., water works 1951 5s	25,619	25,000	25,619	25,750
Rome, Ga., ref. 1926 4½s	162,914	163,000	162,914	163,000
Rotterdam, Holland, drawings until 1968 4s	369,036	369,036	369,036	372,726
St. Boniface, Manitoba, Canada, 1931 5s	104,736	99,766	104,736	105,753
St. Joseph, Mo., school board 1914 4s	185,533	187,000	185,533	187,000
St. Louis, Mo., asylum 1928 4s	506,578	500,000	506,578	505,000
Salt Lake City, Utah, school dist. 1913 5s	50,038	50,000	50,038	50,500
Salt Lake City, Utah, 1914 5s	300,000	300,000	300,000	303,000
Salina, Kans., imp. 1931 4½s	30,146	30,000	30,146	30,600
San Diego County, Cal., highway 1935 4½s	3,162	3,000	3,162	
San Diego County, Cal., highway 1936 4½s	3,166	3,000	3,166	
San Diego County, Cal., highway 1937 4½s	3,170	3,000	3,170	
San Diego County, Cal., highway 1938 4½s	3,174	3,000	3,174	
San Diego County, Cal., highway 1939 4½s	3,177	3,000	3,177	
San Diego County, Cal., highway 1940 4½s	4,241	4,000	4,241	
San Diego County, Cal., highway 1941 4½s	3,184	3,000	3,184	
San Diego County, Cal., highway 1942 4½s	4,249	4,000	4,249	51,500
San Diego County, Cal., highway 1943 4½s	3,190	3,000	3,190	
San Diego County, Cal., highway 1944 4½s	4,257	4,000	4,257	
San Diego County, Cal., highway 1945 4½s	3,195	3,000	3,195	
San Diego County, Cal., highway 1946 4½s	4,264	4,000	4,264	
San Diego County, Cal., highway 1947 4½s	3,201	3,000	3,201	
San Diego County, Cal., highway 1948 4½s	4,271	4,000	4,271	
San Diego County, Cal., highway 1949 4½s	3,205	3,000	3,205	
Seattle, Wash., judg. 1912 5s	499,988	500,000	499,988	500,000
Seattle, Wash., school district 1924 4½s	20,000	20,000	20,000	20,200
Seattle, Wash., school district 1912 4½s	19,000	19,000	19,000	19,000
Seattle, Wash., school district 1913 4½s	11,000	11,000	11,000	11,000
Seattle, Wash., school district 1914 4½s	18,000	18,000	18,000	18,000

	Book value.	Par value.	Amortized value.	Market value.
Seattle, Wash., school district 1915 4½s	$14,000	$14,000	$14,000	$14,000
Seattle, Wash., school district 1916 4½s	24,000	24,000	24,000	24,240
Seattle, Wash., school district 1917 4½s	5,000	5,000	5,000	5,050
Seattle, Wash., school district 1925 4½s	20,000	20,000	20,000	20,200
Seattle, Wash., school district 1926 4½s	1,000	1,000	1,000	1,010
Shelby Co., Tenn., courthouse 1955 4s	509,373	500,000	509,373	475,000
Spokane, Wash., school dist. 1929 4½s	284,766	269,000	284,766	274,380
Stockholm, Sweden, drawings until 1941 4s	200,146	202,203	200,146	202,203
Sumter, S. C., imp. 1951 5s	15,551	15,000	15,551	15,750
Toronto, Canada, 1913 3½s	79,423	80,000	79,423	79,200
Toronto, Canada, 1914, 3½s	548,460	555,000	548,460	549,450
Vera Cruz City, Mexico, guar. by State of Vera Cruz, 1930 5s	232,263	248,756	232,262	221,343
Adirondack 1st mtg. D. & H. 1942 4½s	662,989	650,000	662,989	676,000
Am. Dock & Imp. Co. 1st mtg., guar. Cen. of N. J., 1921 5s	401,501	400,000	401,501	436,000
Atch., Top. & Santa Fe adjustment stamped 1995 4s	1,440,319	1,900,000	1,440,319	1,729,000
Atch. Top. & Santa Fe debs., series J, 1912 4s	999,268	1,000,000	999,268	1,000,000
Atch., Top. & Santa Fe debs., series K, 1913 4s	1,485,934	1,500,000	1,485,934	1,500,000
Atch., Top. & Santa Fe debs., series L, 1914 4s	1,473,579	1,500,000	1,473,579	1,485,000
Atch., Top. & Santa Fe, eastern Okla. div., 1st mtg. 1928 4s	445,008	500,000	445,008	480,000
Atch., Top. & Santa Fe gen. mtg. 1995 4s	3,095,516	3,510,000	3,095,516	3,474,900
Atch., Top. & Santa Fe Transcontinental Short Line 1st mtg. 1958 4s	1,181,008	1,254,000	1,181,008	1,166,220
Atlantic Coast Line 1st con. mtg. 1952 4s	2,375,778	2,491,000	2,375,778	2,366,450
Atlantic Coast Line, Louis. & Nash. coll. 1952 4s	4,694,533	5,000,000	4,694,533	4,750,000
Atlantic Coast Line equip., ser. B, 1912, 4½s	11,995	12,000	11,995	
Atlantic Coast Line equip., ser. B, 1912 4½s	12,988	13,000	12,988	
Atlantic Coast Line equip., ser. B, 1913 4½s	11,984	12,000	11,984	
Atlantic Coast Line equip., ser. B, 1913 4½s	12,976	13,000	12,976	
Atlantic Coast Line equip., ser. B, 1914 4½s	11,973	12,000	11,973	
Atlantic Coast Line equip., ser. B, 1914 4½s	12,965	13,000	12,965	
Atlantic Coast Line equip., ser. B, 1915 4½s	11,962	12,000	11,962	
Atlantic Coast Line equip., ser. B, 1915 4½s	12,954	13,000	12,954	
Atlantic Coast Line equip., ser. B, 1916 4½s	11,953	12,000	11,953	
Atlantic Coast Line equip., ser. B, 1916 4½s	12,943	13,000	12,943	
Atlantic Coast Line equip., ser. B, 1917 4½s	11,943	12,000	11,943	250,000
Atlantic Coast Line equip., ser. B, 1917 4½s	12,933	13,000	12,933	
Atlantic Coast Line equip., ser. B, 1918 4½s	11,934	12,000	11,934	
Atlantic Coast Line equip., ser. B, 1918 4½s	12,924	13,000	12,924	
Atlantic Coast Line equip., ser. B, 1919 4½s	11,925	12,000	11,925	
Atlantic Coast Line equip., ser. B, 1919 4½s	12,915	13,000	12,915	
Atlantic Coast Line equip., ser. B, 1920 4½s	11,917	12,000	11,917	
Atlantic Coast Line equip., ser. B, 1920 4½s	12,906	13,000	12,906	
Atlantic Coast Line equip., ser. B, 1921 4½s	11,909	12,000	11,909	
Atlantic Coast Line equip., ser. B, 1921 4½s	12,897	13,000	12,897	
Austin & Northwestern 1st mtg. guar. So. Pac. Co. 1941 5s	31,577	30,000	31,577	31,500
Balt. & Ohio 1st mtg. 1948 4s	3,931,245	3,935,000	3,931,245	3,856,300
Balt. & Ohio Pitts. L. E. & W. Va. 1941 4s	2,284,133	2,300,000	2,284,133	2,093,000
Balt. & Ohio prior lien 1925 3½s	1,028,833	1,100,000	1,028,833	1,012,000
Balt. & Ohio So. W. Div. 1st mtg. 1925 3½s	2,718,048	2,903,000	2,718,048	2,641,730
Beech Creek extn. 1st mtg. guar. N. Y. C. & H. R. 1951 3½s	417,491	440,000	417,491	382,800
Big Sandy Ry. 1st mtg. Chesa. & Ohio 1944 4s	244,281	281,000	244,281	247,280
Boston & N. Y. Air Line R. R. 1st mtg. guar. N. Y. N. H. & H. 1955 4s	817,793	822,000	817,793	813,780
Buffalo, N. Y. & Erie 1st mtg. 1916 7s	54,103	50,000	54,104	54,500
Buffalo, Roch. & Pitts. cons. mtg. 1957 4½s	53,669	50,000	53,669	53,000
Bur. C. R. & No. 1st cons. mtg. 1934 5s	1,193,042	1,100,000	1,193,042	1,221,000
Can. Southern 1st mtg. extd. 1913 6s	67,000	67,000	67,000	68,340
Can. Southern 2d mtg. 1929 5s	72,299	72,000	72,299	72,000
Can. Northern 1st mtg. 1929 4s	959,095	973,320	959,096	973,320
Can. Northern 1st mtg. 1930 4s	1,946,667	1,946,667	1,946,667	1,946,667
Carolina Clinchfield & Ohio 1st mtg. 1938 5s	1,463,533	1,500,000	1,463,533	1,470,000
Cedar Rapid I. F. & N. W. 1st mtg. guar. B. C. R. & N. 1921 5s	469,919	490,000	469,919	514,500
Cent. New Eng. 1st mtg. guar. by N. Y. N. H. & H. 1961 4s	2,439,993	2,600,000	2,439,993	2,418,000
Cent. Pac. 1st ref. guar. by So. Pac. Ry. 1949 4s	4,932,921	5,000,000	4,932,921	4,800,000
Cent. Pac through Short Line guar. So. Pac. Co. 1954 4s	609,204	660,000	609,204	613,800
Cent. R. R. & B. Co. Ga. coll. tr. 1937 5s	1,018,804	1,000,000	1,018,804	1,030,000
Cent. R. R. of N. J., equip., ser. B, 1912 4s	104,815	105,000	104,815	105,000
Cent. R. R. of N. J. gen. mtg. 1987 5s	2,416,504	2,337,000	2,461,504	2,928,000
Cent. R. R. of N. J. gen. mtg. reg. 1987 5s		63,000		
Charleston & Sav. 1st mtg. 1936 7s	446,708	323,000	446,708	442,510
Ches. & Ohio 1st cons. 1939 5s	2,183,011	2,000,000	2,183,011	2,220,000
Ches. & Ohio gen. mtg. 1992 4½s	3,342,933	3,222,000	3,342,933	3,286,440

	Book value.	Par value.	Amortized value.	Market value.
E. & I. 1st mtg. guar. E. & T. H. 1924 6s	$192,191	$200,000	$192,191	$220,000
E. & T. H. 1st cons. 1921 6s	320,363	300,000	320,363	336,000
E. & T. H. 1st gen. mtg. 1942 5s	75,116	75,000	75,116	76,500
Flint & Pere Mar. 1920 6s	108,490	100,000	108,490	110,000
Flor. E. C. 1st mtg. 1959 4½s	543,707	545,000	543,707	528,650
Flor. So. 1st mtg. guar. Sav., Flo. & West. 1945 4s	256,737	272,000	256,737	252,960
F-E. Ry. guar. by Feh. Gov. drawings until 2007 3½s	2,629,119	2,848,911	2,629,119	2,507,112
F., E. & M. V. cons. guar. C. & N. W. 1933 6s	1,165,363	1,000,000	1,165,363	1,270,000
Ga. So. & Fla. 1st mtg. 1945 5s	99,516	100,000	99,516	108,000
Gr. Ry. 1st guar. C. & O. 1940 4s	975,864	1,020,000	975,864	918,300
Hock. V. Ry. 1st cons. 1999 4½s	2,617,118	2,500,000	2,617,118	2,875,000
H. E. & W. Tex. 1st mtg. guar. So. Pac. Ry. 1933 5s	220,413	250,000	220,413	207,500
Ill. Cent. I div. & ter. 1953 3½s	3,085,269	3,119,000	3,085,269	2,651,150
Ill. Cent. O div. 1st mtg. 1951 3s	334,489	417,000	334,489	312,750
Ill. Cent. St. L. div. & ter. 1951 3½s	2,775,472	2,829,000	2,775,472	2,432,940
Ill. Cent. M. L. ext. 1951 3½s	977,011	1,000,000	977,011	900,000
Ill. Cent. ref. mtg. 1955 4s	487,874	500,000	487,874	480,000
Ind. & St. L. 1st 1919 7s	149,853	141,000	149,853	164,970
I-C. & Y. Ry. gr. by Col. of I-C. & Frch. Gov. drgs. until 1976 3s	146,716	172,542	146,716	137,750
Int. & Gt. No. equip. 1912-13 5s	74,924	75,000	74,924	75,000
Int. & Gt. No. 1st mtg. 1919 6s	1,216,722	1,090,000	1,216,722	1,188,100
Ia., M. & N. W. 1st mtg. reg. gr. by Chic. & N. W. 1935 3½s	527,129	600,000	527,129	528,000
J., F. & C. 1st mtg. guar. L. S. & M. So. 1959 4s	1,065,642	1,125,000	1,065,642	1,057,500
K. & H. C. Co. 1st mtg. gr. H. V. & T. & O. Cen. 1951 5s	564,965	540,000	564,965	529,200
K. C., Ft. S. & M. ref. gr. St. L. & S. F. 1936 4s	168,770	200,000	168,770	169,000
Kan. City Ter. 1st mtg. guar 12 R. Rs. 1960 4s	48,770	50,000	48,770	49,000
Ky. Cent. 1st mtg. 1987 4s	47,397	50,000	47,397	47,500
L. E. & W. 2d mtg. 1941 5s	921,064	900,000	921,064	936,000
L. S. & M. So. debs. 1928 4s	4,881,005	5,000,000	4,881,005	4,700,000
L. S. & M. So. 1st m. r. 1997 3½s	4,142,124	4,500,000	4,142,124	4,005,000
L. V. R. of N. Y. 1st mtg. guar. L. V. R. R. 1940 4½s	806,425	800,000	806,425	840,000
L. V. Ter. 1st mtg. 1941 5s	430,553	400,000	430,553	452,000
L. & W-B. Coal Co. mtg. 1912 5s	379,176	380,000	379,176	380,000
L. & W-B. Coal Co. cons. guar. Cen. of N. J. 1930 4s	398,948	420,000	398,948	411,600
L-S. Ry. ann. drgs. until 1960 5s	14,635	13,124	14,635	14,961
Long Dock Co. 1st mtg. 1935 6s	1,325,901	1,122,000	1,325,901	1,402,500
L. I. ref. mtg. gr. P. R. R. 1949 4s	3,354,605	3,400,000	3,354,605	3,264,000
Louis. West. 1st mtg. 1921 6s	307,416	300,000	307,416	327,000
L. & N. A. K. & C. div. 1955 4s	1,740,583	1,945,000	1,740,583	1,789,460
L. & N. 1st mtg. col. tr. 1931 5s	167,552	150,000	167,552	165,000
L. & N. M. & M. 1st m. 1945 4½s	1,029,979	1,000,000	1,029,979	1,050,000
L. & N. N. O. & M. div. 1st mtg. 1930 6s	263,847	211,000	263,847	257,420
L. & N. St. L. div. 1st m. 1921 6s	213,847	184,000	213,847	209,760
L. & N. So. Ry. "Mono." 1952 4s	2,348,227	2,535,000	2,348,227	2,281,500
L. & N. T. Co. 1st m. gr. 1952 4s	488,376	500,000	488,376	475,000
L. & N. unif. 1940 4s	6,284,624	6,274,000	6,284,624	6,211,260
Mahoning Coal R. R. 1st mtg. gr. L. S & M. So. 1934 5s	371,442	400,000	371,442	448,000
Manl. & S. E. 1st mtg. guar. Prov. Manitoba 1929 4s	196,615	199,531	196,615	197,535
M., G., B. & N. W. 1st mtg. guar. by C. & N. W. 1941 3½s	616,350	681,000	616,350	592,470
Met. St. Ry. N. Y. gen. mtg. (Guar. Trust Co. cfs.) 1997 5s	748,750	1,000,000	970,000	970,000
Mich. Cent. R. R. 1st m. 1952 3½s	5,124,797	5,127,000	5,124,797	4,511,760
M. C. J. L. & S. div. 1st 1951 3½s	189,943	216,000	189,943	190,080
M. C. J. & N. Ind. div. 1st 1957 4s	975,424	1,000,000	975,424	970,000
Midl'd. of N. J. 1st m. ext. 1940 5s	854,771	782,000	854,771	868,730
Mil. E. Ry. & L. Co. c. m. 1926 5s	246,769	250,000	246,769	260,000
Mil. & No. 1st m. ext. 1913 4½s	50,000	50,000	50,000	50,000
M. St. P. & S. S. M. 1st c. 1938 4s	2,397,894	2,394,000	2,397,894	2,322,180
M. U. 1st mtg. guar. St. P. M. & M. 1922 5s	510,413	510,000	510,413	540,600
Mobile & Ohio 1st mtg. 1927 6s	430,068	355,500	430,068	430,155
M. & O. M. div. 1st mtg. 1947 5s	326,230	288,000	326,230	316,800
M. & M. Ry. guar. N. Y. C. & H. R. 2002 3½s	2,703,637	2,800,000	2,703,637	2,352,000
Mon. Cen. 1st mtg. guar. Gt. No. 1937 5s	1,437,085	1,240,000	1,437,085	1,388,840
Mon. Cen. 1st mtg. guar. Gt. No. 1937 6s	168,442	128,000	168,442	163,840
Morgan's L. & T. R. R. & S. S. 1st mtg. 1918 7s	803,906	750,000	803,906	847,500
M. J. & A. Ry. 1895 guar. by Rus. gov. drawings until 1943 4s	39,123	39,400	39,123	35,460
M. J. & A. Ry. 1897 guar. by Rus. gov. drawings until 1943 4s	163,352	164,220	163,352	147,798
Mosc. Kaz. Ry. guar. Rus. gov. dgs. until 1945 4s	859,317	1,101,226	859,317	991,103
Mosc. Kaz. Ry. guar. Rus. gov. drgs. until 1947 4s	434,733	438,000	434,733	394,200
Mosc. K. & W. Ry. guar. Rus. gov. drawings until 1955 4s	21,095	23,437	21,095	21,328
Mosc-Riasan Ry. guar. Rus. gov. drawings until 1945 4s	12,335	12,376	12,335	11,138
Mosc. W. & R. Ry. 1897 guar. by Rus. gov. drgs. until 1955 4s	86,519	87,584	86,519	78,825

	Book value.	Par value.	Amortized value.	Market value.
Rybinsk Ry. guar. Russian Govt. drawings until 1955 4s	$106,298	$109,361	$106,298	$98,425
St. Law. & Adir. 1st mtg. 1996 5s	250,000	250,000	250,000	280,000
St. L. Bridge Co. 1st mtg. 1929 7s	400,400	314,500	409,400	405,705
St. L. I. Mt. & S. gen. l. g. 1931 5s	4,725,330	4,129,000	4,525,330	4,376,740
St. L. I. Mt. & S. (R. & G. Div.) 1st 1933 4s	937,111	1,000,000	937,111	830,400
St. L. & San F. gen. mtg. 1931 5s	350,867	350,000	350,867	378,000
St. L. & San F. gen. mtg. 1931 6s	358,740	325,000	358,740	398,750
St. L. & San F. ref. mtg. 1951 4s	1,300,238	1,500,000	1,300,238	1,200,000
St. Paul, Minn. & Man. cons. mtg. stam. guar. Gt. North. 1933 4s	103,000	103,000	103,000	101,970
St. P., Minn. & Man. 1st cons. guar. Gt. North. 1933 4½s	1,055,213	1,061,000	1,055,213	1,124,660
St. P., Minn. & Man. 1st cons. guar. Gt. North. reg. 1933 4½s				
St. P., M. & M. 1st cons. guar. Gt. North. 1933 6s	1,276,271	1,106,000	1,276,271	1,393,560
St. P., M. & M. Mont. Ex. 1st mtg. g. Gt. North. 1937 4s	553,721	567,000	553,721	555,660
St. Paul, M. & M. Pac. Extn. guar. Gt. North 1940 4s	494,828	500,000	494,828	490,000
St. P. & N. P. 1st gen. mtg. 1923 6s	1,244,397	1,200,000	1,244,397	1,380,000
St. P. & N. P. 1st g. m. reg. 1923 6s				
Santa Fe, Prescott & Phoenix 1st mtg. 1942 5s	1,073,977	978,000	1,074,977	1,086,020
Sav., Fla. & West. 1st mtg. 1934 6s	1,155,466	992,000	1,155,466	1,240,000
Sav., Fla & West. 1st mtg. 1934 5s	502,677	500,000	502,677	555,000
Second Av. R. R., N. Y., 1st cons. (guar. Trust Co. ctfs.) 1948 5s	59,687	250,000	112,500	112,500
So. & No. Ala. cons. guar. L. & N. 1936 5s	3,308,883	2,958,000	3,308,883	3,283,350
So. Car. & Ga. 1st 1919 5s	248,526	261,000	248,526	271,440
Southeast Ry. g. Russ. govt. drawings until 1953 4s	1,967,326	2,031,000	1,967,326	1,827,900
Southeast Ry. g. Russ govt. drawings until 1954 4s	96,875	99,841	96,875	89,857
South. Pac. 1st ref. g. South. Pac. Co. 1955 4s	2,400,892	2,500,000	2,400,892	2,375,000
S. Pac. (of Cal.) 1st cons. 1937 5s	169,616	148,000	169,616	164,280
So. Pa. Co. San. F. Term. 1st mtg. 1950 4s	463,148	500,000	463,148	455,000
So. Ry. E. Tenn. reorganization 1938 5s	278,828	245,000	278,828	259,700
So. Ry. 1st cons. 1994 5s	7,987,792	6,960,000	7,987,792	7,516,800
So. Ry. St. L. div. 1st mtg. 1951 4s	2,470,759	2,500,000	2,470,759	2,200,000
Southw. Ry. g. Russ. govt. drawings untu 1952 4s	12,027	11,812	12,027	10,749
Spokane Int. 1st mtg. 1955 5s	531,784	517,000	531,784	532,510
Swiss Fed. Ry. g. by Swiss govt. drawings until 1962 3½s	644,024	656,200	644,024	616,828
Taylor's Falls & L. S. 1st mtg. guar. St. P. & D. 1914 6s	210,313	210,000	210,312	218,400
Term. R. R. of St. Louis cons. 1944 5s	329,754	285,000	329,754	319,200
Term. R. R. of St. L. ref. 1953 4s	4,038,007	4,000,000	4,038,097	3,800,000
Tex. & Pac. 1st mtg. 2000 5s	397,539	343,000	397,539	377,300
Tex. & Pac. La. div. 1931 5s	793,121	757,000	793,121	764,570
Third Av. R. R., N. Y., 1st cons. mtg. (Cen. Tr. Co. ctfs., stamped) 2000 4s	1,583,375	2,650,000	2,014,000	2,014,000
Thirty-fourth St. Crstwn. N. Y. 1st mtg. 1906 5s	196,099	175,000	196,099	166,250
Toledo, Can. So. & Det. 1st mtg. g. Mich. Cent. 1956 4s	1,276,211	1,300,000	1,276,211	1,235,000
Toledo & Ohio Cen. W. Div. 1st mtg. 1935 5s	249,311	250,000	249,311	275,000
T., Ham. & Buff. 1st mtg. 1946 4s	493,549	500,000	493,549	445,000
Un. P. Ry. & L. G. 1st mtg. 1947 4s	3,030,742	3,300,000	3,030,742	3,333,000
Un. P. Ry. & L. G. 1st mtg. reg. 1947 4s				
Union Ry., N. Y., 1st mtg. 1942 5s	50,078	50,000	50,078	52,000
United So. Austn. Lombard & Cent. Italian R. R. (ser. B), gr. by Austrian govt. drawings until 1955 5s	176,623	142,100	176,623	165,326
Utah & North. 1st mtg. ext. guar. by Ore. Short Line 1933 4s	1,816,436	1,877,000	1,816,436	1,520,680
Vand. R. R. con. ser. A 1955 4s	2,133,441	2,090,000	2,133,441	2,096,400
Vand. R. R. cons. ser. B 1957 4s	154,145	160,000	154,145	153,600
Wabash R. R. 1st mtg. 1939 5s	824,783	768,000	824,783	806,400
Wash. Term. 1st guar. P. B. & W. & B. & O. 1945 3½s	1,523,837	1,584,000	1,523,837	1,393,920
W. Algerian Ry. g. by Fr. govt. drawings until 1975 3s	730,517	860,683	730,517	705,700
Western Ry. of France (new) guar. by French govt. drawings until 1956 3s	587,507	679,939	587,507	571,149
Western Ry. of France (old) guar. by French govt. drawings until 1951 3s	138,739	165,690	138,739	139,180
Western Transit Co. guar. N. Y. C. & H. R. 1923 3½s	99,202	104,000	99,202	93,600
West Shore 1st mtg. guar. N. Y. C. & H. R. 2361 4s	1,440,767	1,439,000	1,440,767	1,453,390
West Shore 1st mtg. reg. guar. N. Y. C. & H. R. 2361 4s				
Wilmar & S. F. 1st mtg. guar. St. P. M. & M. & Gt. No. 1938 5s	481,556	500,000	481,556	565,000
Wladikawkas Ry. gr. Russ. govt. drawings until 1956 4s	74,310	76,100	74,310	68,544

Wladikawkas Ry. gr. Russ. govt. drawings until 1956 4s	$3,108,166	$3,205,000	$3,108,166	$2,916,550
Brooklyn Union G. L. Co. cons. 1945 5s	628,069	594,000	628,069	629,640
Commercial Cable Co. 1st mtg. 2397 4s	93,777	100,000	93,777	84,000
Consumers Gas L. Co. Chic. Ill. 1st mtg. 1936 5s	159,767	150,000	159,767	153,000
Internati. Mercantile Marine mtg. & Coll. tr. 1922 4½s	2,156,000	3,200,000	2,144,000	2,144,000
Kansas City Mo. Gas Lt. Co. 1st mtg. 1922 5s	246,456	250,000	246,456	247,500
Mut. Fuel Gas Co. Chic. 1st mtg. guar. P. G. Lt. & Coke 1947 5s	118,056	125,000	118,056	126,250
Pat. & Passaic Gas & El. Co. cons. mtg. 1949 5s	509,380	500,000	509,380	515,000
People's G. L. & C. Co. Chic. 1st cons. 1943 6s	222,985	192,000	222,985	224,640
Provident Loan Soc. of N. Y. 1921 4½s	192,409	200,000	192,409	190,000
St. Paul Minn. Gas Lt. Co. cons. extn. 1918 6s	196,944	200,000	196,944	216,000
St. P. Minn. G. L. Co. gen. mtg. 1944 5s	411,270	475,000	411,270	465,500
St. P. Minn. Gas L. Co. 1st mtg. 1915 6s	201,565	200,000	201,565	212,000
Sunday Crk. Co. coll. tr. 1944 5s	433	131,000	433	87,770
Westchester Ltg. Co. 1st mtg. gr. by Cons. Gas Co. N. Y. 1950 5s	104,967	100,000	104,967	105,000
Western Union Tel. Co. coll. tr. 1938 5s	430,345	441,000	430,345	445,410
Western Union Tel Co. fdg. & r. e. mtg. 1950 4½s	921,668	900,000	921,668	873,000
Total	429,764,483	437,210,388	430,547,775	422,078,196

Mr. UNTERMYER. Mr. Chairman, there is a letter here dated the 3d of January, 1913, from Messrs. Carter, Ledyard & Milburn, counsel for the New York Stock Exchange, together with a list appended, in explanation of Mr. Sturgis' testimony. It should go into the record. It will be Exhibit 239.

The papers referred to were marked "Exhibit No. 239, February 25, 1913," and are here printed in the record as follows:

EXHIBIT NO. 239, FEBRUARY 25, 1913.

NEW YORK, *January 3, 1913.*

SAMUEL UNTERMYER, Esq.,
37 Wall Street, City.

DEAR SIR: Certain questions were put to Mr. Sturgis in the course of his examination to which he was unable to give a reply, and you requested that he supply the information, if able to obtain it, later. Herewith inclosed is a list of the names of members of the stock exchange who have failed since January, 1900, and the date of failure. The number of failures is 72, or 6½ a year. Of the 72 members who failed, 24 settled with their creditors and were reinstated, and 12 more settled in full with their creditors, although they were not reinstated.

On May 10, 1869, the day after the three exchanges were combined, the number of issues listed on the stock exchange was 356, as against 1,583 in 1912. We have no means of ascertaining the capitalization of the companies whose issues of securities were listed in 1869. The Financial Chronicle does not state the amount of transactions in stocks in 1869. In the year 1879—that is the year in which the membership of the exchange was increased from 1,060 to 1,100—the sales of stock were 75,000,000 shares, and in 1880, 100,000,000 shares. In 1912 the number of shares sold were $129,324,169. The bond transactions for 1869, as reported by the Financial Chronicle, were 310,541,559. In 1879 the total sales of bonds were $413,000,000; in 1880, $570,000,000; and in 1912, $664,942,420. Average day's transactions in 1879 were 250,000 shares and $1,043,333 bonds; in 1880, 333,000 shares and $2,990,000 bonds; and in 1912, 425,000 shares and $2,221,600 bonds.

These figures were obtained by Mr. Martin, the assistant secretary of the stock exchange, from the Financial Chronicle and furnished to us.

Very truly, yours,

CARTER, LEDYARD & MILBURN.

Name of member.	ure.	Name of member.	ure.
	1900.		1907.
Henry Wainwright	Jan. 17.	Henry Coolidge	Apr. 15.
H. G. Tunstall	Jan. 31.	W. L. Stow	Apr. 15.
A. M. Hunter	Apr. 3.	E. B. Havens	May 22.
W. G. McCormick	Sept. 13.	F. W. Duryea	June 19.
R. M. Stuart-Wortley	Sept. 13.	Philip O. Mills	Aug. 22.
Fred W. Johnson	May 28.	N. T. Thayer	Sept. 10.
E. F. Raynor	June 4.	Louis T. Watson	Sept. 7.
Egbert Mills	Sept. 24.	A. H. Gross	Oct. 16.
D. B. Hatch	Sept. 18.	G. R. Leslie	Oct. 22.
C. F. Grant	Nov. 13.	A. G. Baylis	Oct. 22.
J. Fletcher Shera	Nov. 19.	Alfred Kessler	Oct. 31.
Edward Brandon	Aug. 31.	Max H. Schultze	Oct. 17.
	1901.		1908.
M. M. Jamison	May 6.	G. N. Whitney	Jan. 16.
R. A. Johnson	May 17.	J. M. Knapp	Apr. 29.
Henry Marquand	June 28.	J. G. McIntyre	Apr. 24.
	1902.	Cameron Currie	July 30.
		Clarence DeWitt	Aug. 24.
H. H. Henry	May 5.	Fred Dorr	Aug. 17.
H. B. Lockwood	May 5.	A. C. Brown	Aug. 25.
Robert Offenbach	May 5.	L. G. Young	Aug. 25.
	1903.	Henry W. Poor	Dec. 28.
		H. H. Weekes	Jan. 13.
William Basset	July 27.		1909.
F. E. Brumley	July 27.		
T. J. Taylor	July 24.	William Lamprecht	Feb. 18.
W. W. Sharp	Aug. 5.	F. W. Parker	Mar. 18.
Chas. S. Bryan	Aug. 5.	F. P. Holran	June 21.
W. L. Stow	July 24.	P. L. Freeman	Sept. 3.
Henry Coolidge	July 24.		1910.
E. C. Jurgensen	Aug. 3.		
J. C. Kilbreth	Oct. 14.	H. S. Haskins	Jan. 19.
E. Sanford Hatch	Aug. 5.	C. M. Washburn	Jan. 19.
	1904.	H. F. Criss	Jan. 20.
		G. H. Robinson	Jan. 2.
D. J. Sully	Mar. 18.	Allan F. Cohn	Oct. 15.
Thomas S. Smith	Apr. 4.	A. M. Judson	Dec. 17.
B. Klopfer	July 14.		1911.
H. H. Hahlo	Aug. 15.		
C. Schumacher, jr	Dec. 14.	Sig. H. Rosenblatt	Jan. 23.
	1905.	H. Coolidge	May 31.
		J. B. Van Schaick	Sept. 12.
J. W. Cunningham	Feb. 16.	J. W. Henning	Nov. 10.
Charles Henrotin	May 27.	L. E. Whicher	Nov. 11.
R. H. Donnelly	June 29.		1912.
	1906.	E. C. Connor	Mar. 9.
I. B. Newcombe	Apr. 19.	C. A. Painter	Apr. 25.
W. S. Alley	July 11.	Henry Sproul	June 7.
J. W. Henning	Oct. 22.		
E. F. Leo	Dec. 22.		
C. W. Snacke	May 2.		

Total failures 72, of whom 24 settled in full with their creditors and were reinstated and 12 settled in full with their creditors but were not reinstated.

Mr. UNTERMYER. The report of the committee appointed by Gov. Hughes on speculation in the stock exchange, to which reference has been made in the examination of witnesses, which is Exhibit 27 in the record, is not printed as an exhibit. It should be printed.

The report referred to, which is "Exhibit No. 27, June 12, 1912." is here printed in the record as follows:

(EXHIBIT No. 27, JUNE 12, 1912.)

REPORT OF GOV. HUGHES' COMMITTEE ON SPECULATION IN SECURITIES AND COMMODITIES, JUNE 7, 1909.

NEW YORK, *June 7, 1909.*

Hon. CHARLES E. HUGHES,
Governor, Albany, N. Y.

DEAR SIR: The committee appointed by you on December 14, 1908, to endeavor to ascertain "what changes, if any, are advisable in the laws of the State bearing upon

and commodities which are the subject of speculation," beg leave to submit the following report:

We have invited statements from those engaged in speculation and qualified to discuss its phases; we have taken testimony offered from various sources as to its objectionable features; we have considered the experience of American States and of foreign countries in their efforts to regulate speculative operations. In our inquiry we have been aided by the officials of the various exchanges, who have expressed their views both orally and in writing, and have afforded us access to their records.

THE SUBJECT IN GENERAL.

Markets have sprung into being wherever buying and selling have been conducted on a large scale. Taken in charge by regular organizations and controlled by rules, such markets become exchanges. In New York City there are two exchanges dealing in securities and seven in commodities. In addition there is a security market, without fixed membership or regular officers, known as the "Curb." The exchanges dealing in commodities are incorporated, while those dealing in securities are not.

Commodities are not held for permanent investment, but are bought and sold primarily for the purpose of commercial distribution; on the other hand, securities are primarily held for investment; but both are subjects of speculation. Speculation consists in forecasting changes of value and buying or selling in order to take advantage of them; it may be wholly legitimate, pure gambling, or something partaking of the qualities of both. In some form it is a necessary incident of productive operations. When carried on in connection with either commodities or securities it tends to steady their prices. Where speculation is free, fluctuations in prices, otherwise violent and disastrous, ordinarily become gradual and comparatively harmless. Moreover, so far as commodities are concerned, in the absence of speculation, merchants and manufacturers would themselves be forced to carry the risks involved in changes of prices and to bear them in the intensified condition resulting from sudden and violent fluctuations in values. Risks of this kind which merchants and manufacturers still have to assume are reduced in amount, because of the speculation prevailing; and many of these milder risks they are enabled, by "hedging," to transfer to others. For the merchant or manufacturer the speculator performs a service which has the effect of insurance.

In law, speculation becomes gambling when the trading which it involves does not lead, and is not intended to lead, to the actual passing from hand to hand of the property that is dealt in. Thus, in the recent case of Hurd *v.* Taylor (181 N. Y., 231), the Court of Appeals of New York said:

"The law of this State as to the purchase and sale of stocks is well settled. The purchase of stocks through a broker, though the party ordering such purchase does not intend to hold the stocks as an investment, but expects the broker to carry them for him with the design on the part of the purchaser to sell again the stocks when their market value has enhanced is, however speculative, entirely legal. Equally so is a 'short sale,' where the seller has not the stock he assumes to sell, but borrows it and expects to replace it when the market value has declined. But to make such transactions legal, they must contemplate an actual purchase or an actual sale of stocks by the broker, or through him. If the intention is that the so-called broker shall pay his customer the difference between the market price at which the stocks were ordered purchased and that at which they were ordered sold, in case such fluctuation is in favor of the customer, or that in case it is against the customer, the customer shall pay the broker that difference, no purchases or sales being made, the transaction is a wager and therefore illegal. Such business is merely gambling, in which the so-called commission for purchases and sales that are never made is simply the percentage which in other gambling games is reserved in favor of the keeper of the establishment."

This is also the law respecting commodity transactions.

The rules of all the exchanges forbid gambling as defined by this opinion; but they make so easy a technical delivery of the property contracted for, that the practical effect of much speculation, in point of form legitimate, is not greatly different from that of gambling. Contracts to buy may be privately offset by contracts to sell. The offsetting may be done, in a systematic way, by clearing houses, or by "ring settlements." Where deliveries are actually made, property may be temporarily borrowed for the purpose. In these ways, speculation which has the legal traits of legitimate dealing may go on almost as freely as mere wagering, and may have most of the pecuniary and immoral effects of gambling on a large scale.

A real distinction exists between speculation which is carried on by persons of means and experience, and based on an intelligent forecast, and that which is carried

plishes an amount of good which offsets much of its cost. The latter does but a small amount of good and an almost incalculable amount of evil. In its nature it is in the same class with gambling upon the race track or at the roulette table, but is practiced on a vastly larger scale. Its ramifications extend to all parts of the country. It involves a practical certainty of loss to those who engage in it. A continuous stream of wealth, taken from the actual capital of innumerable persons of relatively small means, swells the income of brokers and operators dependent on this class of business; and insofar as it is consumed like most income, it represents a waste of capital. The total amount of this waste is rudely indicated by the obvious cost of the vast mechanism of brokerage and by manipulators' gains, of both of which it is a large constituent element. But for a continuous influx of new customers, replacing those whose losses force them out of the "street," this costly mechanism of speculation could not be maintained on anything like its present scale.

THE PROBLEM TO BE SOLVED.

The problem, wherever speculation is strongly rooted, is to eliminate that which is wasteful and morally destructive, while retaining and allowing free play to that which is beneficial. The difficulty in the solution of the problem lies in the practical impossibility of distinguishing what is virtually gambling from legitimate speculation. The most fruitful policy will be found in measures which will lessen speculation by persons not qualified to engage in it. In carrying out such a policy exchanges can accomplish more than legislatures. In connection with our reports on the different exchanges, as well as on the field of investment and speculation which lies outside of the exchanges, we shall make recommendations directed to the removal of various evils now existing and to the reduction of the volume of speculation of the gambling type.

THE NEW YORK STOCK EXCHANGE.

The New York Stock Exchange is a voluntary association, limited to 1,100 members, of whom about 700 are active, some of them residents of other cities. Memberships are sold for about $80,000. The Exchange as such does no business, merely providing facilities to members and regulating their conduct. The governing power is in an elected committee of 40 members and is plenary in scope. The business transacted on the floor is the purchase and sale of stocks and bonds of corporations and governments. Practically all transactions must be completed by delivery and payment on the following day.

The mechanism of the exchange, provided by its constitution and rules, is the evolution of more than a century. An organization of stock brokers existed here in 1792, acquiring more definite form in 1817. It seems certain that for a long period the members were brokers or agents only. At the present time many are principals as well as agents, trading for themselves as well as for their customers. A number of prominent capitalists hold memberships merely for the purpose of availing themselves of the reduced commission charge which the rules authorize between members.

The volume of transactions indicates that the exchange is to-day probably the most important financial institution in the world. In the past decade the average annual sales of shares have been 196,500,000 at prices involving an annual average turnover of nearly $15,500,000,000; bond transactions averaged about $800,000,000. This enormous business affects the financial and credit interests of the country in so large a measure that its proper regulation is a matter of transcendent importance. While radical changes in the mechanism, which is now so nicely adjusted that the transactions are carried on with the minimum of friction, might prove disastrous to the whole country, nevertheless measures should be adopted to correct existing abuses.

PATRONS OF THE EXCHANGE.

The patrons of the exchange may be divided into the following groups:

(1) Investors, who personally examine the facts relating to the value of securities or act on the advice of reputable and experienced financiers and pay in full for what they buy.

(2) Manipulators, whose connection with corporations issuing or controlling particular securities enables them under certain circumstances to move the prices up or down, and who are thus in some degree protected from dangers encountered by other speculators.

and ability to act in concert with others and thus manipulate values they are supposed to have special advantages over other traders.

(4) Outside operators having capital, experience, and knowledge of the general conditions of business. Testimony is clear as to the result which in the long run attends their operations. Commissions and interest charges constitute a factor always working against them. Since good luck and bad luck alternate in time, the gains only stimulate these men to larger ventures, and they persist in them till a serious or ruinous loss forces them out of the "Street."

(5) Inexperienced persons, who act on interested advice, "tips," advertisements in newspapers, or circulars sent by mail, or "take flyers" in absolute ignorance and with blind confidence in their luck. Almost without exception they eventually lose.

CHARACTER OF TRANSACTIONS.

It is unquestionable that only a small part of the transactions upon the exchange is of an investment character. As ubstantial part may be characterized as virtually gambling. Yet we are unable to see how the State could distinguish by law between proper and improper transactions, since the forms and the mechanisms used are identical. Rigid statutes directed against the latter would seriously interfere with the former. The experience of Germany with similar legislation is illuminating; but the exchange, with the plenary power over members and their operations, could provide corrective, as we shall show.

MARGIN TRADING.

Purchasing securities on margin is as legitimate a transaction as a purchase of any other property in which part payment is deferred. We therefore see no reason whatsoever for recommending the radical change suggested that margin trading be prohibited.

Two practices are prolific of losses, namely, buying active securities on small margin and buying unsound securities, paying for them in full. The losses in the former case are due to the quick turns in the market to which active stocks are subject. These exhaust the margins and call for more money than the purchasers can supply. The losses in the latter case are largely due to misrepresentations of interested parties and unscrupulous manipulations.

To correct the evils of misrepresentation and manipulation, we shall offer in another part of this report certain recommendations. In so far as losses are due to insufficient margins, they would be materially reduced if the customary percentage of margins were increased. The amount of margin which a broker requires from a speculative buyer of stocks depends in each case on the credit of the buyer, and the amount of credit which one person may extend to another is a dangerous subject on which to legislate. Upon the other hand, a rule made by the exchange could safely deal with the prevalent rate of margins required from customers. In preference, therefore, to recommending legislation, we urge upon all brokers to discourage speculation upon small margins and upon the exchange to use its influence and, if necessary, its power, to prevent members from soliciting and generally accepting business on a less margin than 20 per cent.

PYRAMIDING.

"Pyramiding," which is the use of paper profits in stock transactions as a margin for further commitments, should be discouraged. The practice tends to produce more extreme fluctuations and more rapid wiping out of margins. If the stock brokers and the banks would make it a rule to value securities for the purpose of margin or collateral, not at the current price of the moment, but as the average price of, say, the previous two or three months (provided that such average price were not higher than the price of the moment), the dangers of pyramiding would be largely prevented.

SHORT SELLING.

We have been strongly urged to advise the prohibition or limitation of short sales, not only on the theory that it is wrong to agree to sell what one does not possess, but that such sales reduce the market price of the securities involved. We do not think that it is wrong to agree to sell something that one does not now possess, but expects to obtain later. Contracts and agreements to sell and deliver in the future property which one does not possess at the time of the contract, are common in all kinds of

times when prices seem high in order to sell and times when prices seem low in order to buy, their action in both cases serving to lessen advances and diminish declines of price. In other words, short selling tends to produce steadiness in prices, which is an advantage to the community. No other means of restraining unwarranted marking up and down of prices has been suggested to us.

The legislation of the State of New York on the subject of short selling is significant. In 1812 the legislature passed a law declaring all contracts for the sale of stocks and bonds void unless the seller at the time was the actual owner or assignee thereof or authorized by such owner or assignee to sell the same. In 1858 this act was repealed by a statute now in force, which reads as follows:

"An agreement for the purchase, sale, transfer, or delivery of a certificate or other evidence of debt, issued by the United States or by any State or municipal or other corporation, or any share or interest in the stock of any bank, corporation, or joint-stock association, incorporated or organized under the laws of the United States or of any State, is not void, or voidable, because the vendor at the time of making such contract is not the owner or possessor of the certificate or certificates or other evidence of debt, share, or interest."

It has been urged that this statute "specifically legalizes stock gambling." As a matter of fact, however, the law would be precisely the same if that statute were repealed, for it is the well-settled common law of this country, as established by the decisions of the Supreme Court of the United States and of the State courts, that all contracts, other than mere wagering contracts, for the future purchase or sale of securities or commodities are valid whether the vendor is or is not at the time of making such contract the owner or possessor of the securities or commodities involved in the absence of a statute making such contracts illegal. So far as any of these transactions are mere wagering transactions, they are illegal and not enforceable as the law now stands.

It has been suggested to us that there should be a requirement either by law or by rule of the stock exchange, that no one should sell any security without identifying it by number or otherwise. Such a rule would cause great practical difficulties in the case of securities not present in New York at the time when the owner desires to sell them, and would increase the labor and cost of doing business. But, even if this were not the effect, the plan contemplates a restriction upon short sales, which, for the reasons set forth above, seems to us undesirable. It is true that this identification plan exists in England as to sales of bank shares (Leeman act of 1867); but it has proved a dead letter. It has also been used in times of apprehended panic upon the French Bourse, but opinions in regard to its effect there are conflicting. While some contend that it has been useful in preventing panics, others affirm that it has been used simply for the purpose of protecting bankers who were loaded down with certain securities which they were trying to distribute, and who through political influence, procured the adoption of the rule for their special benefit.

MANIPULATION OF PRICES.

A subject to which we have devoted much time and thought is that of manipulation of prices by large interests. This falls into two general classes:

(1) That which is resorted to for the pu pose of making a market for issues of new securities.

(2) That which is designed to serve merely speculative purposes in the endeavor to make a profit as the result of fluctuations which have been planned in advance.

The first kind of manipulation has certain advantages, and when not accompanied by "matched orders" is unobjectionable per se. It is essential to the organization and carrying through of important enterprises, such as large corporations, that the organizers should be able to raise the money necessary to complete them. This can be done only by the sale of securities. Large blocks of securities, such as are frequently issued by railroad and other companies, can not be sold over the counter or directly to the ultimate investor, whose confidence in them can, as a rule, be only gradually established. They must therefore, if sold at all, be disposed of to some syndicate, who will in turn pass them on to middlemen or speculators, until, in the course of time, they find their way into the boxes of investors. But prudent investors are not likely to be induced to buy securities which are not regularly quoted on some exchange, and which they can not sell, or on which they can not borrow money at their pleasure. If the securities are really good and bids and offers bona fide, open to all sellers and buyers, the operation is harmless. It is merely a method of bringing new investments into public notice.

instances of gross and unjustifiable manipulation of securities, as in the case of American ice stock. While we have been unable to discover any complete remedy short of abolishing the stock exchange itself, we are convinced that the exchange can prevent the worst forms of this evil by exercising its influence and authority over the members to prevent them. When continued manipulation exists it is patent to experienced observers.

"WASH SALES" AND "MATCHED ORDERS."

In the foregoing discussion we have confined ourselves to bona fide sales. So far as manipulation of either class is based upon fictitious or so-called "wash sales," it is open to the severest condemnation, and should be prevented by all possible means. These fictitious sales are forbidden by the rules of all the regular exchanges, and are not enforceable at law. They are less frequent than many persons suppose. A transaction must take place upon the floor of the exchange to be reported, and if not reported does not serve the purpose of those who engage in it. If it takes place on the floor of the exchange, but is purely a pretense, the brokers involved run the risk of detection and expulsion, which is to them a sentence of financial death. There is, however, another class of transactions called "matched orders," which differ materially from those already mentioned, in that they are actual and enforceable contracts. We refer to that class of transactions, engineered by some manipulator, who sends a number of orders simultaneously to different brokers, some to buy and some to sell. These brokers, without knowing that other brokers have countervailing orders from the same principal, execute their orders upon the floor of the exchange, and the transactions become binding contracts; they cause an appearance of activity in a certain security which is unreal. Since they are legal and binding, we find a difficulty in suggesting a legislative remedy. But where the activities of two or more brokers in certain securities become so extreme as to indicate manipulation rather than genuine transactions, the officers of the exchange would be remiss unless they exercised their influence and authority upon such members in a way to cause them to desist from such suspicious and undesirable activity. As already stated, instances of continuous manipulation of particular securities are patent to every experienced observer, and could without difficulty be discouraged, if not prevented, by prompt action on the part of the exchange authorities.

CORNERS.

The subject of corners in the stock market has engaged our attention. The stock exchange might properly adopt a rule providing that the governors shall have power to decide when a corner exists and to fix a settlement price, so as to relieve innocent persons from the injury or ruin which may result therefrom. The mere existence of such a rule would tend to prevent corners.

FAILURES AND EXAMINATION OF BOOKS.

We have taken testimony on the subject of recent failures of brokers, where it has been discovered that they were insolvent for a long period prior to their public declaration of failure, and where their activities after their insolvency not only caused great loss to their customers, but also, owing to their efforts to save themselves from bankruptcy, worked great injury to innocent outsiders. For cases of this character, there should be a law analogous to that forbidding banks to accept deposits after insolvency is known; and we recommend a statute making it a misdemeanor for a broker to receive any securities or cash from any customer (except in liquidating or fortifying an existing account), or to make any further purchases or sales for his own account, after he has become insolvent; with the provision that a broker shall be deemed insolvent when he has on his books an account or accounts which, if liquidated, would exhaust his assets, unless he can show that he had reasonable ground to believe that such accounts were good.

The advisability of requiring by State authority an examination of the books of all members of the exchange, analogous to that required of banks, has been urged upon us. Doubtless some failures would be prevented by such a system rigidly enforced, although bank failures do occur in spite of the scrutiny of the examiners. Yet the relations between brokers and their customers are of so confidential a nature that we do not recommend an examination of their books by any public authority.

times when prices seem b promptly reported to the gover-
to buy, their action in b
price. In other words, ers of the board of governors of the
advantage to the comm chanism, generally acquainted with
up and down of prices present conditions. It is a deplorable
The legislation of th be informed, it is generally only after a
In 1812 the legislatu involving scores of hundreds of innocent
bonds void unless that the exchange authorities take action.
authorized by such the severity of the punishment then meted
by a statute now thus atoned for, which has been going on for a
"An agreemen discovered under a proper system of supervision,
evidence of deb prevention over cure demonstrated.
corporation, or
stock associat
any State, is
contract is r
of debt, sh
It has b
matter of
repealed
decisior
contrac
ties or
such
abser
are
stan
I
rul
it
th
t
1

REHYPOTHECATION OF SECURITIES.

the subject of rehypothecating, loaning, and other use of
who hold them for customers. So far as any broker applies to
belonging to a customer, or hypothecates them for a greater
final balance of the purchase price, without the customer's con-
strictly guilty of a conversion under the law as it exists to-day, and
the attention of brokers and the public. When a broker sells the
to the
based for a customer who has paid therefor in whole or in part, except
customer's default, or disposes of them for his own benefit, he should be
of larceny, and we recommend a statute to that effect.

DEALING FOR CLERKS.

The exchange now has a rule forbidding any member to deal or carry an account
for a clerk or employee of any other member. This rule should be extended so as to
prevent dealing for account of any clerk or subordinate employee of any bank, trust
company, insurance company, or other moneyed corporation or banker.

LISTING REQUIREMENTS.

Before securities can be bought and sold on the exchange they must be examined. The committee on stock list is one of the most important parts of the organization, since public confidence depends upon the honesty, impartiality, and thoroughness of its work. While the exchange does not guarantee the character of any securities, or affirm that the statements filed by the promoters are true, it certifies that due diligence and caution have been used by experienced men in examining them. Admission to the list therefore establishes a presumption in favor of the soundness of the security so admitted. Any securities authorized to be bought and sold on the exchange which have not been subjected to such scrutiny are said to be in the unlisted department, and traders who deal in them do so at their own risk. We have given consideration to the subject of verifying the statements of fact contained in the papers filed with the applications for listing, but we do not recommend that either the State or the exchange take such responsibility. Any attempt to do so would undoubtedly give the securities a standing in the eyes of the public which would not in all cases be justified. In our judgment the exchange should, however, adopt methods to compel the filing of frequent statements of the financial condition of the companies whose securities are listed, including balance sheets, income and expense accounts, etc., and should notify the public that these are open to examination under proper rules and regulations. The exchange should also require that there be filed with future applications for listing a statement of what the capital stock of the company has been issued for, showing how much has been issued for cash, how much for property, with a description of the property, etc., and also showing what commission, if any, has been paid to the promoters or venders. Furthermore, means should be adopted for holding those making the statements responsible for the truth thereof. The unlisted department, except for temporary issues, should be abolished.

FICTITIOUS TRADES.

Complaint is made that orders given by customers are sometimes not actually executed, although so reported by the broker. We recommend the passage of a statute providing that, in case it is pleaded in any suit by or against a broker that the pur-

vas not actual and bona fide
he loss which he sustained
trict attorney of the county

the basis of a reasonably
d should not permit the
aders offering or bidding
bids and offers for large
us a customer may send
broker may offer to buy
place. The bidder in
the lower price before
revent matched orders.

earing House. While
nsactions which may
ions, nevertheless we
and legitimate busi-
hat it is not wise to

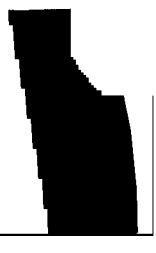
ch day on what are
clearing house and
ts as proving the
change for at least
dispute.

change, dealing
while acting as
every such case

to abusee, we
n brokers and
roduction here
of specialists
market where

often luxu-
iquor. The
nptation of
late. The
ffices have
have used
ate inves-
usiness at
he city of
onvinced

ated, in
State
organi-
it can
in a
iding



impair discipline without securing any greater measure of substantial justice. While this committee is not entirely in accord on this point, no member is yet prepared to advocate the incorporation of the exchange and a majority of us advise against it, upon the ground that the advantages to be gained by incorporation may be accomplished by rules of the exchange and by statutes aimed directly at the evils which need correction.

The stock exchange in the past, although frequently punishing infractions of its rules with great severity, has, in our opinion, at times failed to take proper measures to prevent wrongdoing. This has been probably due not only to a conservative unwillingness to interfere in the business of others, but also to a spirit of comradeship which is very marked among brokers, and frequently leads them to overlook misconduct on the part of fellow members, although at the same time it is a matter of cynical gossip and comment in the street. The public has a right to expect something more than this from the exchange and its members. This committee, in refraining from advising the incorporation of the exchange, does so in the expectation that the exchange will in the future take full advantage of the powers conferred upon it by its voluntary organization and will be active in preventing wrongdoing such as has occurred in the past. Then we believe that there will be no serious criticism of the fact that it is not incorporated. If, however, wrongdoing recurs, and it should appear to the public at large that the exchange has been derelict in exerting its powers and authority to prevent it, we believe that the public will insist upon the incorporation of the exchange and its subjection to State authority and supervision.

WALL STREET AS A FACTOR.

There is a tendency on the part of the public to consider Wall Street and the New York Stock Exchange as one and the same thing. This is an error arising from their location. We have taken pains to ascertain what proportion of the business transacted on the exchange is furnished by New York City. The only reliable sources of information are the books of the commission houses. An investigation was made of the transactions on the exchange for a given day, when the sales were 1,500,00000 shares. The returns showed that on that day 52 per cent of the total transactions on the exchange apparently originated in New York City, and 48 per cent in other localities.

THE CONSOLIDATED STOCK EXCHANGE.

The Consolidated Exchange was organized as a mining stock exchange in 1875, altering its name and business in 1886. Although of far less importance than the Stock Exchange, it is nevertheless a secondary market of no mean proportions; by far the greater part of the trading is in securities listed upon the main exchange, and the prices are based upon the quotations made there. The sales average about 45,000,000 shares per annum. The fact that its members make a specialty of "broken lots," i. e., transactions in shares less than the 100 unit, is used as a ground for the claim that it is a serviceable institution for investors of relatively small means. But it is obvious that its utility as a provider of capital for enterprises is exceedingly limited; and that it affords facilities for the most injurious form of speculation—that which attracts persons of small means.

It also permits dealing in shares not listed in the main exchange, and in certain mining shares, generally excluded from the other. In these cases it prescribes a form of listing requirements, but the original listing of securities is very rarely availed of. The rules also provide for dealing in grain, petroleum, and other products. Wheat is, however, at present the only commodity actively dealt in, and this is due solely to the permission to trade in smaller lots than the Produce Exchange unit of 5,000 bushels.

There are 1,225 members, about 450 active, and memberships have sold in recent years at from $650 to $2,000. In general the methods of conducting business are similar to those of the larger exchange, and subject to the same abuses.

Very strained relations have existed between the two security exchanges since the lesser one undertook in 1886 to deal in stocks. The tension has been increased by the methods by which the Consolidated obtains the quotations of the other, through the use of the "tickers" conveying them. It is probable that without the use of these instruments the business of the Consolidated Exchange would be paralyzed; yet the right to use them rests solely upon a technical point in a judicial decision which enjoins their removal.

Connected with operations on the Stock Exchange are a class of manipulations originating elsewhere. The values of railway securities, for example, depend upon the management of the companies issuing them, the directors of which may use their power to increase, diminish, or even extinguish them, while they make gains for themselves by operations on the exchange. They may advance the price of a stock by an unexpected dividend, or depress it by passing an expected one. They may water a stock by issuing new shares, with no proportionate addition to the productive assets of the company, or load it with indebtedness, putting an unexpected lien on the shareholders' property. Such transactions affect not only the fortunes of the shareholders, who are designedly kept in ignorance of what is transpiring, but also the value of investments in other similar companies the securities of which are affected sympathetically. Railroad wrecking was more common in the last half century than it is now, but we have some glaring examples of it in the débris of our street railways to-day.

The existence and misuse of such powers on the part of directors are a menace to corporate property and a temptation to officials who are inclined to speculate, leading them to manage the property so as to fill their own pockets by indirect and secret methods.

A holding company represents the greatest concentration of power in a body of directors and the extreme of helplessness on the part of shareholders. A corporation may be so organized that its bonds and preferred stock represent the greater part of its capital, while the common stock represents the actual control. Then, if a second company acquires a majority of the common stock, or a majority of the shares that are likely to be voted at elections, it may control the former company, and as many other companies as it can secure. The shareholders of the subsidiary companies may be thus practically deprived of power to protect themselves against injurious measures and even to obtain information of what the holding company is doing, or intends to do with their property.

As a first step toward mitigating this evil we suggest that the shareholders of subsidiary companies, which are dominated by holding companies, or voting trusts, shall have the same right to examine the books, records, and accounts of such holding companies, or voting trusts that they have in respect of the companies whose shares they hold, and that the shareholders of holding companies have the same right as regards the books, records, and accounts of the subsidiary companies. The accounts of companies not merged should be separately kept and separately stated to their individual stockholders, however few they may be.

We may point out the fact that the powers which holding companies now exercise were never contemplated, or imagined, when joint stock corporations were first legalized. If Parliament and legislatures had foreseen their growth they would have erected barriers against it.

RECEIVERSHIPS.

Our attention has been directed to the well-known abuses frequently accompanying receiverships of large corporations, and more especially public service corporations, and the issue of receivers' certificates. We feel that the numerous cases of long drawn out receiverships, in some instances lasting more than 10 years, and of the issue of large amounts of receivers' certificates, which take precedence over even first mortgage bonds are deserving of most serious consideration.

Legislation providing for a short-time limitation on receiverships, or for a limitation of receivers' certificates to a small percentage of the mortgage liens on the property, could be rendered unnecessary, however, by the action of the courts themselves along these lines, so as to make impossible in the future the abuses which have been so common in the past.

EFFECT OF THE MONEY MARKET ON SPECULATION.

It has been urged that your committee consider the influence of the money market upon security speculation.

As a result of conditions to which the defects of our monetary and banking systems chiefly contribute there is frequently a congestion of funds in New York City when the supply is in excess of business needs and the accumulated surplus from the entire country generally is thereby set free for use in the speculative market. Thus there almost annually occurs an inordinately low rate for "call loans," at times less than 1 per cent. During the prevalence of this abnormally low rate speculation is unduly incited, and speculative loans are very largely expanded.

stringency, and the calling of loans made to the stock market; an abnormally high interest rate results, attended by violent reaction in speculation and abrupt fall in prices. The pressure to retain funds in the speculative field at these excessively high interest rates tends to a curtailment of reasonable accommodation to commercial and manufacturing interests frequently causing embarrassment and at times menacing a crisis.

The economic questions involved in these conditions are the subject of present consideration by the Federal authorities and the National Monetary Commission. They could not be adjusted or adequately controlled either through exchange regulation or State legislation.

THE USURY LAW.

The usury law of this State prohibits the taking of more than 6 per cent interest for the loan of money, but by an amendment adopted in 1882 an exception is made in the case of loans of $5,000 or more, payable on demand and secured by collateral. It is claimed by some that since this exception enables stock speculators in times of great stringency to borrow money by paying excessively high rates of interest, to the exclusion of other borrowers, a repeal of this provision would check inordinate speculation. We direct attention, however, to the fact that the statute in question excepts such loans as are secured by warehouse receipts, bills of lading, bills of exchange, and other negotiable instruments. Hence its operation is not limited to stock-exchange transactions or to speculative loans in general. Moreover, the repeal of the statute would affect only the conditions when high rates of interest are exacted and not those of abnormally low rates, which really promote excessive speculation. Finally, our examination indicates that prior to the enactment of the statute of 1882 such loans were negotiated at the maximum (6 per cent), plus a commission, which made it equivalent to the higher rate, and a repeal of the statute would lead to the resumption of this practice. Therefore, as the repeal would not be beneficial, we can not recommend any legislation bearing upon the interest laws of the State, unless it be the repeal of the usury law altogether, as we believe that money will inevitably seek the point of highest return for its use. In nine States of the Union there are at present no usury laws.

THE CURB MARKET.

There is an unorganized stock market held in the open air during exchange hours It occupies a section of Broad Street. An inclosure in the center of the roadway is made by means of a rope, within which the traders are supposed to confine themselves, leaving space on either side for the passage of street traffic, but during days of active trading the crowd often extends from curb to curb.

There are about 200 subscribers, of whom probably 150 appear on the curb each day, and the machinery of the operations requires the presence of as many messenger boys and clerks. Such obstruction of a public thoroughfare is obviously illegal, but no attempt has been made by the city authorities to disperse the crowd that habitually assembles there.

This open-air market, we understand, is dependent for the great bulk of its business upon members of the stock exchange, approximately 85 per cent of the orders executed on the curb coming from stock exchange houses. The exchange itself keeps the curb market in the street, since it forbids its own members engaging in any transaction in any other security exchange in New York. If the curb were put under a roof and organized, this trading could not be maintained.

ITS UTILITY.

The curb market has existed for upward of 30 years, but only since the great development of trading in securities began, about the year 1897, has it become really important. It affords a public market place, where all persons can buy and sell securities which are not listed on any organized exchange. Such rules and regulations as exist are agreed to by common consent, and the expenses of maintenance are paid by voluntary subscription. An agency has been established by common consent, through which the rules and regulations are prescribed.

This agency consists solely of an individual who, through his long association with the curb, is tacitly accepted as arbiter. From this source we learn that sales recorded during the year 1908 were roughly as follows:

Bonds	$66,000,000
Stocks, industrials, shares	4,770,000
Stocks, mining, shares	41,825,000

agency certain information, which is, however, superficial and incomplete. There is nothing on the curb which corresponds to the listing process of the stock exchange. The latter, while not guaranteeing the soundness of the securities, gives a prima facie character to those on the list, since the stock-list committee takes some pains to learn the truth. The decisions of the agent of the curb are based on insufficient data, and since much of the work relates to mining schemes in distant States and Territories and foreign countries the mere fact that a security is quoted on the curb should create no presumption in its favor. Quotations frequently represent "wash sales," thus facilitating swindling enterprises.

EVILS OF UNORGANIZED STATUS.

Bitter complaints have reached us of frauds perpetrated upon confiding persons who have been induced to purchase mining shares because they are quoted on the curb. These are frequently advertised in newspapers and circulars sent through the mails as so quoted. Some of these swindles have been traced to their fountainheads by the Post Office Department, to which complaint has been made, but usually the swindler, when cornered, has settled privately with the individual complainant, and then the prosecution has failed for want of testimony. Meanwhile the same operations may continue in many other places, till the swindle becomes too notorious to be profitable.

Notwithstanding the lack of proper supervision and control over the admission of securities to the privilege of quotation, some of them are meritorious, and in this particular the curb performs a useful function. The existence of the cited abuses does not, in our judgment, demand the abolition of the curb market. Regulation is, however, imperative. To require an elaborate organization similar to that existing in the exchanges would result in the formation of another curb free from such restraint.

As has been stated, about 85 per cent of the business of the curb comes through the offices of members of the New York stock exchange, but a provision of the constitution of that exchange prohibits its members from becoming members of, or dealing on, any other organized stock exchange in New York. Accordingly, operators on the curb market have not attempted to form an organization. The attitude of the stock exchange is therefore largely responsible for the existence of such abuses as result from the want of organization of the curb market. The brokers dealing on the latter do not wish to lose their best customers, and hence they submit to these irregularities and inconveniences.

Some of the members of the exchange dealing on the curb have apparently been satisfied with the prevailing conditions and in their own selfish interests have maintained an attitude of indifference toward abuses. We are informed that some of the most flagrant cases of discreditable enterprises finding dealings on the curb were promoted by members of the New York Stock Exchange.

REFORMATION OF THE CURB.

The present apparent attitude of the exchange toward the curb seems to us clearly inconsistent with its moral obligations to the community at large. Its governors have frequently avowed before this committee a purpose to cooperate to the greatest extent for the remedy of any evils found to exist in stock speculation. The curb market, as at present constituted, affords ample opportunity for the exercise of such helpfulness.

The stock exchange should compel the formulation and enforcement of such rules as may seem proper for the regulation of business on the curb, the conduct of those dealing thereon, and particularly for the admission of securities to quotation.

If the curb brokers were notified that failure to comply with such requirements would be followed by an application of the rule of nonintercourse, there is little doubt that the orders of the exchange would be obeyed. The existing connection of the exchange gives it ample power to accomplish this, and we do not suggest anything implying a more intimate connection.

Under such regulation, the curb market might be decently housed to the relief of its members and the general public.

THE ABUSE OF ADVERTISING.

A large part of the discredit in the public mind attaching to "Wall Street" is due to frauds perpetrated on the small investor throughout the country in the sale of worthless securities by means of alluring circulars and advertisements in the newspapers. To the success of such swindling enterprises a portion of the press contributes.

stringency, and the calling of loans made to the ...of a moral delinquency
interest rate results, attended by violent re...
prices. The pressure to retain funds in ...rrection of the evil lies in
high interest rates tends to a curtailment ...and brokers, who, by refusing
and manufacturing interests frequentl... guilty in this respect, could
acing a crisis. ...me prevent fraudulent schemes
The economic questions involved ... with reputable names.
sideration by the Federal authoriti... give standing to promotions by serv-
could not be adjusted or adequa... ...ers of the companies, and by allowing
or State legislation. ...knowing the accuracy and good faith
...stors naturally and properly pay great re-
...both in the offering of securities and in the
The usury law of this St... ...therefore be deceived by the names used in
for the loan of money, but ...
in the case of loans of $5 ...
It is claimed by some ... ...STEM CONSIDERED.
great stringency to bo... ...proposals for compelling registration, by a bureau
exclusion of other bo... ...corporations whose securities are offered for public sale
lation. We direct ... ...information regarding their financial responsibility and
such loans as are s... ...the public advertisement or sale of such securities without
other negotiable ... ...that the issuing company has been so registered. The
transactions or ... ...would be to identify the promotors, so that they might be
would affect or ... ...of fraud. Such a system exists in Great Britain. The
of abnormally ... ...provides for such registration, and the "directors' liability
examination ... ...the other evil referred to above. Some members of your committee are
negotiated a ... ...that these laws should be adopted in this country, so far as they will fit
to the high ...
practice. ...
any legisl... ...meet with some difficulties, due in part to our multiple system of State
the usur... ...If the law were in force only in this State, the advertisement and sale
highest ... ...the security in question would be unhindered in other markets, and companies
laws. ...incorporated in other States, in order that their directors and promoters
...liability. The certificate of registration might be accepted by inex-
...persons as an approval by State authority of the enterprise in question.
...reasons the majority of your committee does not recommend the regulation of
...and sale by State registration.
...the post office for the distribution of swindling circulars
...by the Federal authorities, the officials have been active in check-
...us the venders of worthless securities are aided materially by the
...to obtain fictitious price quotations for them on the New York curb
...market.

LEGISLATION RECOMMENDED.

For the regulation of the advertising evils, including the vicious "tipsters'" cards, we recommend an amendment to the penal code to provide that any person who advertises, in the public press or otherwise, or publishes, distributes, or mails, any prospectus, circular, or other statement in regard to the value of any stock, bonds, or other securities, or in regard to the business affairs, property, or financial condition of any corporation, joint stock association, copartnership, or individual issuing stock, bonds, or other similar securities, which contains any statement of fact which is known to such person to be false, or as to which such person has no reasonable grounds for believing it to be true, or any promises or predictions which he can not reasonably justify, shall be guilty of a misdemeanor; and further, that every newspaper or other publication printing or publishing such an advertisement, prospectus, circular, or other statement, shall, before printing or publishing the same, obtain from the person responsible for the same, and retain, a written and signed statement to the effect that such person accepts responsibility for the same, and for the statements of fact contained therein, which statement shall give the address, with street number of such person, and that the pubilsher of any such newspaper or other publication which shall fail to obtain and retain such statement shall be guilty of a misdemeanor.

BUCKET SHOPS.

Bucket shops are ostensibly brokerage offices, where, however, commodities and securities are neither bought nor sold in pursuance of customers' orders, the transactions being closed by the payment of gains or losses, as determined by price-quotations

which took effect September 1, 1908, makes the keeping of a
unishable by fine and imprisonment, and in the case of corpo-
nses, by dissolution or expulsion from the State. In the case of
lity for a second offense is the same as for the first. These penalties
the theory that the practice is gambling; but in order to establish
ng it is necessary, under the New York law, to show that both parties
ended that it should be settled by the payment of differences, and not
property. Under the law of Massachusetts it is necessary to show only
cket-shop keeper so intended. The Massachusetts law provides heavier
or the second offense than for the first, and makes it a second offense if a
nop is kept open after the first conviction.

AMENDMENT OF LAW RECOMMENDED.

We recommend that the foregoing features of the Massachusetts law be adopted in this State; also that section 355 of the act of 1908 be amended so as to require brokers to furnish to their customers in all cases, and not merely on demand, the names of brokers from whom shares were bought and to whom they were sold; and that the following section be added to the act:

"Witness's privilege: No person shall be excused from attending and testifying, or producing any books, papers, or other documents before any court or magistrate, upon any trial, investigation, or proceeding initiated by the district attorney for a violation of any of the provisions of this chapter, upon the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to convict him of a crime or to subject him to a penalty or forfeiture; but no person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he may so testify or produce evidence, documentary or otherwise, and no testimony so given or produced shall be received against him upon any criminal investigation or proceeding."

There has been a sensible diminution in the number of bucket shops in New York since the act of 1908 took effect, but there is still much room for improvement.

Continuous quotations of prices from an exchange are indispensable to a bucket shop, and when such quotations are cut off this gambling ends; therefore every means should be employed to cut them off.

SALES OF QUOTATIONS.

The quotations of exchanges have been judicially determined to be their own property, which may be sold under contracts limiting their use. In addition to supplying its own members in New York City with its quotations, the stock exchange sells them to the telegraph companies, under contracts restricting the delivery of the service in New York City to subscribers approved by a committee of the exchange; the contracts are terminable at its option. This restriction would imply a purpose on the part of the exchange to prevent the use of the quotations by bucket-shop keepers. But the contracts are manifestly insufficient, in that they fail to cover the use of the service in places other than New York City; if corroboration were needed it could be found in the fact that the quotations are the basis for bucket-shop transactions in other cities. In such effort as has been made to control these quotations the exchange has been hampered to some extent by the claim that telegraph companies are common carriers, and that as such they must render equal service to all persons offering to pay the regular charge therefor. This claim has been made in other States as well as in New York, and the telegraph companies have in the past invoked it as an excuse for furnishing quotations to people who were under suspicion, although it was not possible to prove that they were operating bucket shops. Recent decisions seem to hold that this claim is not well founded. We advise that a law be passed providing that, so far as the transmission of continuous quotations is concerned, telegraph companies shall not be deemed common carriers or be compelled against their volition to transmit such quotations to any person; also a law providing that if a telegraph company has reasonable ground for believing that it is supplying quotations to a bucket shop, it be criminally liable equally with the keeper of the bucket shop. Such laws would enable these companies to refuse to furnish quotations upon mere suspicion that parties are seeking them for an unlawful business, and would compel them to refuse such service wherever there was reasonable ground for believing that a bucket shop was being conducted.

Tickers carrying the quotations should be licensed and bear a plate whereon should appear the name of the corporation, firm, or individual furnishing the service or installing the ticker, and a license number. Telegraph companies buying or transmitting quotations from the exchanges should be required to publish semiannually the names of all subscribers to the service furnished, and the number and location of the tickers, in a newspaper of general circulation published in the city or town in which such tickers are installed. In case the service is furnished to a corporation, firm, or person, in turn supplying the quotations to others, like particulars should be published. A record, open to public inspection, should be kept by the installing company showing the numbers and location of the tickers. Doubtless local boards of trade, civic societies, and private individuals would, if such information were within their reach, lend their aid to the authorities in the enforcement of the law.

Measures should be taken also to control the direct wire service for the transmission of quotations, and for the prompt discontinuance of such service in case of improper use thereof. In short, every possible means should be employed to prevent bucket shops from obtaining the continuous quotations, without which their depredations could not be carried on a single day.

THE COMMODITY EXCHANGES.

Of the seven commodity exchanges in the city of New York, three dealing with produce, cotton, and coffee are classed as of major importance; two organized by dealers in fruit and hay are classed as minor; and two others, the mercantile (concerned with dairy and poultry products) and the metal (concerned with mining products), are somewhat difficult of classification, as will appear hereafter.

THE MAJOR EXCHANGES.

The business transacted on the three major exchanges is mainly speculative, consisting of purchases and sales for future delivery either by those who wish to eliminate risks or by those who seek to profit by fluctuations in the value of products. "Cash" or "spot" transactions are insignificant in volume.

The objects, as set forth in the charters, are to provide places for trading, establish equitable trade principles and usages, obtain and disseminate useful information, adjust controversies, and fix by-laws and rules for these purposes.

Trading in differences of price and "wash sales" are strictly prohibited under penalty of expulsion. All contracts of sale call for delivery, and unless balanced and canceled by equivalent contracts of purchase, must be finally settled by a delivery of the merchandise against cash payment of its value as specified in the terms of the contract; but the actual delivery may be waived by the consent of both parties. Possession is for the most part transferred from the seller to the purchaser by warehouse receipts entitling the holder to the ownership of the goods described.

DEALING IN "FUTURES."

The selling of agricultural products for future delivery has been the subject of much controversy in recent years. A measure to prohibit such selling, known as the Hatch antioption bill, was debated at great length in Congress during the years 1892, 1893, and 1894. Although it passed both House and Senate in different forms, it was finally abandoned by common consent. As shown hereafter, similar legislation in Germany has proved injurious; and when attempted by our States it has either resulted detrimentally or been inoperative. The subject was exhaustively considered by the Industrial Commission of Congress which in 1901 made an elaborate report (Vol. VI), showing that selling for future delivery, based upon a forecast of future conditions of supply and demand, is an indispensable part of the world's commercial machinery, by which prices are, as far as possible, equalized throughout the year to the advantage of both producer and consumer. The subject is also treated with clearness and impartiality in the Cyclopedia of American Agriculture, in an article on "Speculation and farm prices," where it is shown that since the yearly supply of wheat, for example, matures within a comparatievly short period of time somebody must handle and store the great bulk of it during the interval between production and consumption. Otherwise the price will be unduly depressed at the end of one harvest and correspondingly advanced before the beginning of another.

Buying for future delivery causes advances in prices; selling short tends to restrain inordinate advances. In each case there must be a buyer and a seller and the inter-

the minimum of cost to producer and consumer.

HEDGING.

A considerable part of the business done by these exchanges consists of "hedging." This term is applied to the act of a miller, for example, who is under contract to supply a given quantity of flour monthly throughout the year. In order to insure himself against loss he makes a contract with anybody whom he considers financially responsible, to supply him wheat at times and in quantities needed. He "hedges" against a possible scarcity and consequent rise in the price of wheat. If the miller were restricted in his purchases to persons in the actual possession of wheat at the time of making the contract he would be exposed to monopoly prices. If the wheat producer were limited in his possibilities of sale to consumers only, he would be subjected to the depressing effects of a glut in the market in June and September, at times of harvest.

To the trader, manufacturer, or exporter, the act of transferring the risk of price fluctuations to other persons who are willing to assume it, has the effect of an insurance. It enables him to use all of his time and capital in the management of his own business instead of devoting some part of them to contingencies arising from unforeseen crop conditions.

ALTERNATIVE CONTRACTS.

In order to eliminate the risk of a shortage of specific grades of the merchandise thus traded in, contracts generally permit the delivery of alternative grades, within certain limits, at differential prices; and if the grade to be delivered be not suitable for the ultimate needs of the purchaser, it can under ordinary circumstances be exchanged for the grade needed, by the payment of the differential. It is true that in this exchange of grades there is sometimes a loss or a profit, owing to some unexpected diminution or excess of supply of the particular grade wanted, due to the weather or other natural causes.

Deposits of cash margins may be required mutually by members at the time of making contracts, and subsequent additional ones if market fluctuations justify.

Dealings for outsiders are usually upon a 10 per cent margin; obviously if this margin were increased generally, say to 20 per cent, a considerable part of the criticism due to losses in speculation, particularly as to the cotton exchange, would be eliminated.

The major part of the transactions are adjusted by clearing systems, the method most prevalent being "ring settlements," by which groups of members having buying and selling contracts for identical quantities, offset them against each other, canceling them upon the payment of the differences in prices.

THE PRODUCE EXCHANGE.

The New York Produce Exchange was chartered by the legislature in 1862, under the style of the "New York Commercial Association." The charter has been amended several times; in 1907 dealing in securities as well as in produce was authorized. There are over 2,000 members, but a large number are inactive. Some members are also connected with the stock and cotton exchanges. The business includes dealing in all grains, cottonseed oil, and a dozen or more other products; wheat is, however, the chief subject of trading, and part thereof consists of hedging by and for millers, exporters, and importers, both here and abroad. The quantity of wheat received in New York in the five years 1904–1908 averaged 21,000,000 bushels annually. No record of "cash" sales is kept. The reported sales of "futures" show in five years an annual average of 480,000,000 bushels, the year 1907 showing 610,000,000. Although some of these sales were virtually bets on price differences, all of them were contracts enforceable at law.

CLEARING SYSTEM.

The greater part of the transactions are settled by a clearing system. The clearing association is a separate organization, duly incorporated, with a capital of $25,000. All members of the association must settle daily by the clearing system; other members of the exchange may do so. The clearing association assumes responsibility for the trades of all its members, and accordingly controls the exaction of margins from members to each other, and may increase them at any time if the fluctuations require it. The records of the clearings show day by day the status of each member's trad-

the commitments of each within safe limits. The official margin system operates as a commendable restraint upon overspeculation.

From our examination of the trading in mining stocks recently introduced we conclude that the lack of experience of this body in this class of business has resulted in a neglect of proper safeguards to the investor and an undue incitement to speculative transactions of a gambling nature, and should not be tolerated on the produce exchange.

THE COTTON EXCHANGE.

The New York Cotton Exchange was incorporated by a special charter in 1871. Its membership is limited to 450. It is now the most important cotton market in the world, as it provides the means for financing about 80 per cent of the crop of the United States and is the intermediary for facilitating its distribution. In fact, it is the world's clearing house for the staple. Traders and manufacturers in Japan, India, Egypt, Great Britain, Germany, France, and Spain, as well as the United States, buy and sell here daily and the business is still increasing.

Cotton is the basis of the largest textile industry in the world. The business is conducted on a gigantic scale in many countries, by means of vast capital, complicated machinery, and varied processes involving considerable periods of time between the raw material and the finished product. Selling for future delivery is necessary to the harmonious and uninterrupted movement of the staple from producer to consumer. Nearly all the trading, beginning with that of the planter, involves short selling. The planter sells to the dealer, the dealer to the spinner, the spinner to the weaver, the weaver to the cloth merchant, before the cotton of any crop year is picked. Dealers who take the risk of price fluctuations insure all the other members of this trading chain against losses arising therefrom and spare them the necessity of themselves being speculators in cotton. The risk connected with raising and marketing cotton must be borne by some one, and this is now done chiefly by a class who can give their undivided attention to it.

GRADING OF COTTON.

The grading of cotton is the vital feature of the trade. When no grade is specified in the contract it is construed to be middling. There are now 18 grades ranging from middling stained up to fair. This classification differs somewhat from that of other markets, and last January the Department of Agriculture at Washington took up the subject of standardizing the various grades for all American markets. The New York Cotton Exchange participated in this work. A standard was thus adopted, the types of which were supplied by its classification committee. It varies but little from the one previously in use here. The samples chosen to represent the several types are now sealed, in possession of the Department of Agriculture, awaiting the action of Congress.

The cotton plant is much exposed to vicissitudes of the weather. A single storm may change the grade of the crop in large sections of the country. It becomes necessary, therefore, to provide some protection for traders who have made contracts to deliver a particular grade which has become scarce by an accident which could not be foreseen. For this purpose alternative deliveries are allowed by the payment of corresponding price differentials, fixed by a committee of the exchange twice annually in the month of September and November.

Settlements of trades may be made individually, or by groups of members, or through a clearing system, the agency of which is a designated bank near the exchange. No record is kept of the transactions, but it is probable that for a series of years the sales have averaged fully 50,000,000 bales annually.

INORDINATE SPECULATION.

There have been in the past instances of excessive and unreasonable speculation upon the cotton exchange, notably the Sully speculation of 1904. We believe that there is also a great deal of speculation of the gambling type mentioned in the introduction to this report. In our opinion the cotton exchange should take measures to restrain and, so far as possible, prevent these practices, by disciplining members who engage in them. The officers of the exchange must in many cases be aware of these practices, and could, in our opinion, do much to discourage them.

It was established in order to supply a daily market where coffee could be bought and sold and to fix quotations therefor, in distinction from the former method of alternate glut and scarcity, with wide variations in price—in short, to create stability and certainty in trading in an important article of commerce. This it has accomplished and it has made New York the most important primary coffee market in the United States. But there has been recently introduced a noncommercial factor known as "valorization," a governmental scheme of Brazil, by which the public treasury has assumed to purchase and hold a certain percentage of the coffee grown there in order to prevent a decline of the price. This has created abnormal conditions in the coffee trade.

All transactions must be reported by the seller to the superintendent of the exchange, with an exact statement of the time and terms of delivery. The record shows that the average annual sales in the past five years have been in excess of 16,000,000 bags of 250 pounds each.

Contracts may be transferred or offset by voluntary clearings by groups of members. There is no general clearing system. There is a commendable rule providing that, in case of a "corner" the officials may fix a settlement price for contracts to avoid disastrous failures.

THE OTHER EXCHANGES.

Of the exchanges which we have classed as minor those dealing with fruit and hay appear to be in nowise concerned with speculation. No sales whatever are conducted on them, all transactions being consummated either in the places of business of the members or at public auction to the highest bidder. No quotations are made or published.

In the case of the other two commodity exchanges, the mercantile and the metal, new problems arise. Although quotations of the products appertaining to these exchanges are printed daily in the public press, they are not a record of actual transactions amongst members, either for immediate or future delivery.

It is true that on the mercantile exchange there are some desultory operations in so-called future contracts in butter and eggs, the character of which is, however, revealed by the fact that neither delivery by the seller nor acceptance by the buyer is obligatory: the contract may be voided by either party by payment of a maximum penalty of 5 per cent. There are nominal "calls," but trading is confessedly rare. The published quotations are made by a committee, the membership of which is changed periodically. That committee is actually a close corporation of the buyers of butter and eggs, and the prices really represent their views as to the rates at which the trade generally should be ready to buy from the farmers and country dealers.

Similar, but equally deceptive, is the method of making quotations on the metal exchange. In spite of the apparent activity of dealings in this organization in published market reports, there are no actual sales on the floor of the metal exchange, and we are assured that there have been none for several years. Prices are, however, manipulated up and down by a quotation committee of three, chosen annually, who represent the great metal-selling agencies as their interest may appear, affording facilities for fixing prices on large contracts, mainly for the profit of a small clique, embracing, however, some of the largest interests in the metal trade.

These practices result in deceiving buyers and sellers. The making and publishing of quotations for commodities or securities by groups of men calling themselves an exchange, or by any other similar title, whether incorporated or not, should be prohibited by law, where such quotations do not fairly and truthfully represent any bona fide transactions on such exchanges. Under present conditions, we are of the opinion that the mercantile and metal exchanges do actual harm to producers and consumers, and that their charters should be repealed.

THE EXPERIENCE OF GERMANY.

In 1892 a commission was appointed by the German Government to investigate the methods of the Berlin Exchange. The regular business of this exchange embraced both securities and commodities; it was an open board where anybody by paying a small fee could trade either for his own account, or as a broker. The broker could make such charge as he pleased for his services, there being no fixed rate of commission. Settlements took place monthly. Margins were not always required.

The commission was composed of government officials, merchants, bankers, manufacturers, professors of political economy, and journalists. It was in session one year and seven months. Its report was completed in November, 1893. Although there had been a widespread popular demand that all short selling should be prohibited, the commission became satisfied that such a policy would be harmful to German trade and industry, and they so reported. They were willing, however, to prohibit speculation in industrial stocks. In general the report was conservative in tone.

THE LAW OF 1896.

The Reichstag, however, rejected the bill recommended by the commission and in 1896 enacted a law much more drastic. The landowners, constituting the powerful Agrarian Party, contended that short selling lowered the price of agricultural products, and demanded that contracts on the exchange for the future delivery of wheat and flour be prohibited. The Reichstag assented to this demand. It yielded also to demands for an abatement of stock speculation, and prohibited trading on the exchange in inudstrial and mining shares for future delivery. It enacted also that every person desiring to carry on speculative transactions be required to enter his name in a public register, and that speculative trades by persons not so registered should be deemed gambling contracts and void. The object of the registry was to deter the small speculators from stock gambling and restrict speculation to men of capital and character.

The results were quite different from the intention of the legislators. Very few persons registered. Men of capital and character declined to advertise themselves as speculators. The small fry found no difficulty in evading the law. Foreign brokers, seeing a new field of activity opened to them in Germany, flocked to Berlin and established agencies for the purchase and sale of stocks in London, Paris, Amsterdam, and New York. Seventy such offices were opened in Berlin within one year after the law was passed, and did a flourishing business. German capital was thus transferred to foreign markets. The Berlin Exchange became insignificant and the financial standing of Germany as a whole was impaired.

DETRIMENTAL CONSEQUENCES.

This, however, was not the most serious consequence of the new law. While bankers and brokers, in order to do any business at all, were required to register, their customers were not compelled to do so. Consequently the latter could speculate through different brokers on both sides of the market, pocketing their profits and welching on their losses as gambling contracts. Numerous cases of this kind arose, and in some the plea of wagering was entered by men who had previously borne a good reputation. They had yielded to the temptation which the new law held out to them.

Another consequence was to turn over to the large banks much of the business previously done by independent houses. Persons who desired to make speculative investments in home securities applied directly to the banks, depositing with them satisfactory security for the purchases. As the German banks were largely promoters of new enterprises, they could sell the securities to their depositors and finance the enterprises with the deposits. This was a profitable and safe business in good times, but attended by dangers in periods of stringency, since the claims of depositors were payable on demand. Here again the law worked grotesquely, since customers whose names were not on the public register could, if the speculation turned out badly, reclaim the collateral or the cash that they had deposited as security.

MODIFICATION OF LAW IN 1908.

The evil consequences of the law of 1896 brought about its partial repeal in 1908. By a law then passed the Government may, in its discretion, authorize speculative transactions in industrial and mining securities of compnaies capitalized at not less than $5,000,000; the stock exchange register was abolished; all persons whose names were in the "Handelsregister" (commercial directory), and all persons whose business was that of dealing in securities, were declared legally bound by contracts made by them on the exchange. It provided that other persons were not legally bound by such contracts, but if such persons made deposits of cash or collateral security for speculative contracts, they could not reclaim them on the plea that the contract was illegal.

added a darker hue to evils previously existing.

Germany is now seeking to recover the legitimate business thrown away 12 years ago. She still prohibits short selling of grain and flour, although the effects of the prohibition have been quite different from those which its supporters anticipated. As there are no open markets for those products, and no continuous quotations, both buyers and sellers are at a disadvantage: prices are more fluctuating than they were before the passage of the law against short selling.

THANKS TO THE CHAMBER OF COMMERCE.

Our cordial thanks are due to the Chamber of Commerce of the State of New York, for the free use of rooms in its building for our sessions, and of its library, and other facilities.

Respectfully submitted.

HORACE WHITE, *Chairman*,
CHARLES A. SCHIEREN,
DAVID LEVENTRITT,
CLARK WILLIAMS,
JOHN B. CLARK,
WILLIAM V. KING,
SAMUEL H. ORDWAY,
EDWARD D. PAGE,
CHARLES SPRAGUE SMITH,
MAURICE L. MUHLEMAN, *Secretary*.

ADDENDUM.

THE SPECULATION IN SECURITIES.

NEW YORK, *June —, 1909*.

Hon. CHARLES E. HUGHES,
Governor, Albany, N. Y.

SIR: The committee appointed by you on the 14th of December, 1908, to make an inquiry into facts regarding speculation in securities and commodities have received from the New York Bank Note Co. a complaint that the stock exchange prevents any company except the American Bank Note Co. from engraving any securities dealt in on that exchange, thereby creating a hurtful monopoly. This complaint, originally addressed to yourself, was, at your instance, referred to us. As the subject matter does not strictly appertain to speculation, the committee have directed me to reply to you in a communication separate from our general report.

We have given the officers of the stock exchange an opportunity to reply to this complaint. They say that on several former occasions they examined the work of the New York Bank Note Co. and its predecessor, the Kendall Bank Note Co., and found that it did not meet the requirements of the exchange as to goodness of work, safeguards for plates, etc., and that the following named corporations are now eligible for such work to be used in dealings on the stock exchange:

"American Bank Note Co., International Bank Note Co., Western Bank Note & Engraving Co. of Chicago, British American Bank Note Co., for Canadian securities; Bradbury, Wilkinson & Co., London, England, for securities other than American and Canadian."

It appears to have been the practice of the American Bank Note Co. or the company which owns it, the United Bank Note Corporation, to absorb any other company that acquired the right to do work in the United States for the New York Stock Exchange. In this way the Homer-Lee Bank Note Co. and the Franklin Bank Note Co. were absorbed in 1904, and the International Bank Note Co. and the Western Bank Note & Engraving Co. in 1905, although the corporate existence of the two last-named companies is still preserved. The officers of the exchange admit that the companies which issue securities are sufferers from this monopoly, both as to prices charged for engraving and as to promptness of delivery, and say that the exchange would be glad to be relieved of such monopoly.

From sources not connected with any of the parties to this controversy we learn that although the stock exchange will accept the work of certain foreign engraving companies, they will accept it only for foreign securities, and that attempts by American corporations to avail themselves of competitive prices by securing bids from for-

here operative, and that the stock exchange has not rid itself of the evils of monopoly.

Yours, very sincerely,

HORACE WHITE, *Chairman.*

Mr. UNTERMYER. Attention is called to the fact that 15 exhibits, being the statements issued by the Bankers Trust Co. of its condition from time to time, and which are marked beginning with Exhibit 57 and ending with Exhibit 66, do not appear to be printed in the record; but the substance of them is in the record, and unless the chairman thinks it necessary, I do not think they should be printed because there is a great amount of duplication.

The CHAIRMAN. I think it would merely encumber the record to print them in full, and if their substance is already covered by the testimony, it would be useless to incorporate them.

Mr. UNTERMYER. Then it may be understood that they need not be incorporated in the printed record. Their substance is fully in the record.

You may recall, Mr. Chairman, that in the course of Mr. Baker's testimony he was asked to name any issue of any securities of any corporation of $10,000,000 or over that was not made or participated in by one of the nine banking concerns to which we referred. He said that he could not at the time, but that he would like to let us know. He has written a long letter here covering a number of subjects, but this subject is covered in the following language:

In regard to a single transaction during the last 10 years amounting to $10,000,000 and over, which has been financed without the participation of Messrs. J. P. Morgan & Co.; First National Bank; National City Bank; Kuhn, Loeb & Co.; Speyer & Co.; Lee, Higginson & Co.; Kidder, Peabody & Co.; First National Bank, Chicago; and Illinois Trust & Savings Bank, Chicago, I beg to say that a search of the files of the First National Bank, which are not in any way complete, disclose some 16 such transactions, but to answer your question specifically in regard to one instance, there was issued $13,500,000 Studebaker Corporation 7 per cent preferred in February, 1911. The First National Bank had no interest in this issue, and from what information we have none of the other houses mentioned had an interest.

Mr. Baker was asked to name any and all instances that he could. In answer to the statement of Mr. Baker as to the instance of the Studebaker Co., I read in evidence from the minutes of the meeting of the directors of the Studebaker Co. in connection with its issue of $13,500,000, as follows, stating the purpose of the meeting:

3. To approve, ratify and confirm an agreement on behalf of this company with J. P. Morgan & Co. by the terms of which J. P. Morgan & Co. are to receive from this company $1,000,000 of the common stock of the new company to be organized as provided in the agreement between this company and others as vendors, and Goldman, Sachs & Co., and others as bankers, heretofore approved by the directors of this company, when said $1,000,000 of common stock shall be received by this company, in full compensation for the services rendered by J. P. Morgan & Co., in the acquisition of stock of the Everitt-Metzger-Flanders Co., and for such services as said J. P. Morgan & Co. may have rendered or may render in connection with the carrying out of the plan represented by the Vendors-Bankers Agreement dated January 27, 1911.

That is the plan on which this issue was made.

I think, Mr. Chairman, that we had better put this entire letter of Mr. Baker in evidence, if there is no objection. It refers to transactions which we requested information on in connection with the First Security Co. and the First National Bank, giving the public announcement regarding the issue of securities.

The letter referred to was marked "Exhibit 241, February 25, 1913," and is here printed in the record as follows:

New York, January 14, 1913.

SAMUEL UNTERMYER, ESQ.,
Counsel for the Committee on Banking and Currency of the House of Representatives, Washington, D. C.

DEAR SIR: Referring to the information which you requested of me while a witness before your committee at Washington, I beg to say that I have made inquiry in regard to the increase in cost of production of anthracite coal, and also in regard to the increase in price. From what I consider as reliable an authority as there is I am told that since 1901 the price of anthracite coal has not increased as much as has the cost of production. If, however, you desire accurate and detailed information on this subject I would say that the Commissioner of Labor, acting under a resolution of the House of Representatives No. 578, also the Interstate Commerce Commission, under date of December 23, 1911, docket No. 4914, has requested information in regard to this very subject.

With the permission of Messrs. Speyer & Co., we beg to say that during the last 10 years we have participated with them in 21 transactions in Rock Island securities, in 9 in St. Louis & San Francisco securities, and in 11 in various other securities.

In regard to a single transaction during the last 10 years amounting to $10,000,000 and over, which has been financed without the participation of Messrs. J. P. Morgan & Co., First National Bank, National City Bank, Kuhn, Loeb & Co., Speyer & Co., Lee, Higginson & Co., Kidder, Peabody & Co., First National Bank, Chicago & Illinois Trust & Savings Bank, Chicago, I beg to say that a search of the files of the First National Bank, which are not in any way complete, disclose some 16 such transactions, but to answer your question specifically in regard to one instance, there was issued $13,500,000 Studebaker Corporation 7 per cent preferred in February, 1911. The First National Bank had no interest in this issue, and from what information we have none of the other houses mentioned had an interest.

I hand you herewith list of so-called pools, joint account, and syndicate transactions for the past 10 years about which you inquired in regard to the First National Bank and the First Security Co. I also hand you herewith all of the announcements in regard to the issuing of securities that we are able to find among our records, namely:

Date.	Amount.	
February, 1911	$8,000,000	Chicago, Burlington & Quincy general 4s.
June, 1911	20,000,000	Great Northern 4½s.
December, 1903	40,000,000	Lake Shore & Michigan Southern 4s.
February, 1912	9,394,000	Atchison, Topeka & Santa Fe, Arizona-California lines 4½s.
March, 1909	16,500,000	Pacific Telephone & Telegraph 1st 5s.
Do	21,333,000	Southern Ry. development 4s.
April, 1912	15,000,000	Indiana Steel 5s.
Do	10,000,000	National Tube 1st 5s.
June, 1911	10,000,000	Louisville and Nashville, Atlanta-Knoxville & Cincinnati Division first 4s.
June, 1909	10,000,000	Florida East Coast first 4½s.
April, 1912	10,000,000	Erie 3-year 5s.
June, 1908	13,000,000	New York Central & Hudson River R. R. Co. 30-year 4 per cent debentures.
June, 1910	22,500,000	New York Central equipment 4½s, 1910.
December, 1911	15,000,000	New York Central Lines equipment trust, 1912.
March, 1910	15,000,000	Lake Shore & Michigan Southern Ry. 25-year 4s, 1906.
Do	11,000,000	Jamestown, Franklin & Clearfield first 4s.
May, 1911	16,000,000	Detroit Terminal & Tunnel first 4½s.
Do	11,927,000	Central New England Ry. Co. first 4s.
March, 1911	5,000,000	American Cotton Oil 20-year 5s.
February, 1909	£10,000,000	Argentine Government 5 per cent loan.
March, 1905	£1,000,000	Great Northern, St. Paul, Minneapolis & Manitoba.
June, 1911	£6,000,000	Imperial Chinese Government Hukuang Rys. 5 per cent loan.
December, 1909	£2,000,000	United States of Brazil, State of Sao Paulo, treasury 5 per cent.

We hand you herewith a list of all these securities publicly issued by the First National Bank and the names of those associated publicly in such issues.

Yours, very truly,

GEO. F. BAKER.

I hand you herewith list of so-called pools, joint account and syndicate transactions for the past 10 years, about which you inquired in regard to the First National Bank and the First Security Co.

As showing certain joint public issues between Messrs. J. P. Morgan & Co., the First National Bank, and the National City Bank, I refer to the following printed circulars, which, it seems to me, need not be printed in the record, but can be filed with the committee:

United States of Brazil, State of San Paulo: Issue of 15,000,000 pounds sterling 5 per cent gold bonds, the circular being signed December 15, 1908, by J. P. Morgan & Co., the First National Bank, and the National City Bank.

Imperial Chinese Government loan of 6,000,000 pounds sterling: The circular making this public issue is dated June 15, 1911, and is signed by J. P. Morgan & Co., Kuhn, Loeb & Co., the First National Bank, and the National City Bank.

An issue of 1,000,000 pounds sterling: Great Northern Railway Co., St. Paul, Minneapolis & Manitoba Railway Co., Pacific extension 4 per cent gold bonds. The circular is dated March 20, 1905, and is signed by Clark, Dodge & Co. and the First National Bank.

Argentine Government loan: The circular is dated February 27, 1909, and signed by J. P. Morgan & Co., the First National Bank, and the National City Bank.

American Cotton Oil Co.: $5,000,000 5 per cent 20-year gold bonds dated March, 1911, signed by White, Weld & Co. and the First National Bank.

$11,927,000, Central New England Railway Co. first mortgage 4 per cent gold bonds: The circular is dated May 18, 1911, and is signed by J. P. Morgan & Co., the First National Bank, and the National City Bank.

$16,000,000, Detroit Terminal and Tunnel first mortgage 4½ per cent gold bonds: The circular is dated May 29, 1911, and is signed by J. P. Morgan & Co., the First National Bank, and the National City Bank.

$11,000,000, Jamestown, Franklin & Clearfield Railroad Co. first mortgage 4 per cent gold bonds: The circular is dated March 8, 1910, and is signed by J. P. Morgan & Co., the Fisrt National Bank, and the National City Bank.

$15,000,000, the Lake Shore & Michigan Southern Railway Co. 25-year 4 per cent gold bonds of 1906: The circular is dated March 14, 1910, and is signed by J. P. Morgan & Co., the First National Bank, and the National City Bank.

$15,000,000, 4½ per cent gold New York Central lines equipment trust of 1912: The circular is dated December 22, 1911, and is signed by J. P. Morgan & Co., the First National Bank, and the National City Bank.

$13,000,000, New York Central & Hudson River Railroad Co. 4 per cent gold bonds: The circular is dated June 12, 1908, and is signed by J. P. Morgan & Co., the First National Bank of New York, and the National City Bank of New York.

Bank.

$10,000,000, Florida East Coast Railway Co. first mortgage 4½ per cent gold bonds: The circular is dated June 24, 1909, and is signed by J. P. Morgan & Co., the First National Bank, and the National City Bank.

$10,000,000, The National Tube Co. first mortgage 5 per cent gold bonds: The circular is dated April 3, 1912, and is signed by J. P. Morgan & Co., the First National Bank, and the National City Bank.

pany; Atlanta, Knoxville & Cincinnati division 4 per cent gold bonds: The circular is dated June 3, 1911, and is signed by J. P. Morgan & Co., the First National Bank, and the National City Bank.

$15,000,000, Indiana Steel Co. first mortgage 5 per cent gold bonds: The circular is dated April 3, 1912, and is signed by J. P. Morgan & Co., the First National Bank, and the National City Bank.

$21,333,000, Southern Railway Co. development and general mortgage 4 per cent gold bonds (series A): The circular is dated March 3, 1909, and is signed by J. P. Morgan & Co., the First National Bank, and the National City Bank.

$16,500,000, the Pacific Telephone & Telegraph Co. first mortgage and collateral trust 5 per cent sinking fund 30-year gold bonds: The circular is dated March 23, 1909, and is signed by J. P. Morgan & Co., the First National Bank, and the National City Bank. This circular contains the following statement:

A simultaneous offering is being made by Messrs. Kidder, Peabody & Co. and ourselves in Boston, and subscriptions will also be received by Messrs. Drexel & Co., Philadelphia,; Messrs. Kidder, Peabody & Co., New York; Messrs. N. W. Harris & Co., New York and Boston, and the Harris Trust and Savings Bank, Chicago.

$9,394,000, the Atchison, Topeka & Santa Fe Railway Co. California-Arizona lines first and refunding mortgage 4½ per cent 50-year gold bonds: The circular is dated February 28, 1912, and is signed by J. P. Morgan & Co., the First National Bank, and the National City Bank.

The Lake Shore & Michigan Southern Railway Co., issue of $40,000,000 25-year 4 per cent gold bonds: The circular is signed by J. P. Morgan & Co., the National City Bank of New York by James Stillman, president, and by the First National Bank of New York by George F. Baker, president. The circular says:

Applications may also be made to Messrs. Harvey Fisk & Sons, New York, Messrs. Kidder, Peabody & Co., Boston, and Messrs. Drexel & Co., Philadelphia.

I would like to read into the record the following statistics with respect to Boston national banks, subject to checking the data:

The number of national banks in Boston in 1896 was 55, in 1898 was 58, in 1902 was 39, in 1906 was 28, in 1910 was 20, and in 1912 was 19.

The average deposits of the 55 banks in 1896 were $144,009,057; in 1898 the average deposits of the 58 banks were $201,292,000; in 1892 the average deposits of the 39 banks were $222,300,000; in 1906 the average deposits of the 28 banks were $222,451,000; in 1910 the average deposits of the 20 banks were $240,871,911, and the average deposits of the 19 banks in 1912 were $251,271,000.

Mr. UNTERMYER. Mr. Scudder, have you examined the testimony before the committee, and the exhibits?

Mr. SCUDDER. I have.

Mr. UNTERMYER. Have you been asked to prepare certain charts and diagrams from the testimony and exhibits taken during the hearings?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. Have you prepared such charts and diagrams?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. What was the character of this table of joint participation that you were asked to prepare?

Mr. SCUDDER. It is a complete analysis of all the securities in which the banking firms of J. P. Morgan & Co., the First National Bank, the National City Bank, and Kuhn, Loeb & Co., of New York; Kidder, Peabody & Co. and Lee, Higginson & Co., of Boston; the Illinois Trust & Savings Bank, the First National Bank, the First Trust & Savings Bank of Chicago; and Kissel, Kinnicut & Co., of New York, were jointly interested through joint participations or underwritings.

Mr. UNTERMYER. Did you have any data from J. P. Morgan & Co. of their underwriters?

Mr. SCUDDER. No, sir. All that I had about their underwritings was derived from the statements of the other banking houses.

Mr. UNTERMYER. And you had no data of who their underwriters were, had you?

Mr. SCUDDER. No, sir.

Mr. UNTERMYER. Nor had you any data from the First National Bank or the National City Bank as to who their underwriters were?

Mr. SCUDDER. No, sir.

Mr. UNTERMYER. So that were you able or not to make a complete table showing their underwriters, or only their joint participations?

Mr. SCUDDER. Only the joint participations.

Mr. UNTERMYER. In some cases did you have the names of underwriters?

Mr. SCUDDER. In some cases I did.

Mr. UNTERMYER. In which cases?

Mr. SCUDDER. In the case of two Boston houses.

Mr. UNTERMYER. Those were the only two, were they not?

Mr. SCUDDER. I believe they were.

Mr. UNTERMYER. You have produced here, have you not, this table of joint participations—joint issues—of these two houses that you have named?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. Will you explain, so that the table will be understandable, exactly how this is made up?

Mr. SCUDDER. At the top of the table I have given the names of the different banking houses. On the left margin I have given the name of each security, arranging the names alphabetically. Where two or more of these banking houses were jointly interested in any one issue, that fact is noted by an "X" inserted under the names of the different houses interested. Where one or more houses originated the transactions, a red "X" is shown under the name of that house or of those houses. Where the houses merely participated or

formed, the syndicate manager is shown by a green "X."

Mr. UNTERMYER. Where did you get the information as to the relation of Kissel, Kinnicut & Co. to any of these transactions?

Mr. SCUDDER. All the information as to Kissel, Kinnicut & Co. transactions was derived from the statements of the other houses.

Mr. UNTERMYER. So that what other transactions they may have had you were unable to learn, through having no statements from them?

Mr. SCUDDER. That is true.

Mr. UNTERMYER. What do these public issues made for joint account in this way total on that statement?

Mr. SCUDDER. $3,607,512,637.

Mr. UNTERMYER. How many issues of securities does it include? You have not added them.

Mr. SCUDDER. I have not added them. It is about 300, I should say.

Mr. UNTERMYER. Three hundred different companies.

Mr. SCUDDER. No; 300 individual issues.

Mr. UNTERMYER. Three hundred individual issues—public issues—of joint account transactions?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. Does it include flotations such as the United States Steel Corporation—the original flotation of a billion and upward?

Mr. SCUDDER. No, sir; I do not believe it does.

Mr. UNTERMYER. Those issues are not in it, are they?

Mr. SCUDDER. No, sir.

Mr. UNTERMYER. The bulk of those issues are in the last four or five years, are they not?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. Are there some that go back of that?

Mr. SCUDDER. There is one or two, possibly. The great majority of them are since 1907. There were a few in 1905.

Mr. UNTERMYER. I offer this diagram in evidence.

The table referred to was marked "Exhibit No. 242," February 25, 1913, and will be found printed in the report of the subcommittee.

Mr. UNTERMYER. Have you also prepared, from the evidence and the exhibits here, two diagrams that you now produce?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. Please now explain first the sources from which this diagram is made up and what it purports to be.

Mr. SCUDDER. This diagram is made up from the testimony and exhibits. It shows the more important affiliations of J. P. Morgan & Co., the First National Bank, the National City Bank, the Guaranty Trust Co., and the Bankers Trust Co.

Mr. UNTERMYER. With what sort of individuals or corporations?

Mr. SCUDDER. With all corporations in the United States.

Mr. UNTERMYER. Have you taken anything under a given amount?

Mr. SCUDDER. I have taken in everything over $5,000,000.

Mr. UNTERMYER. Everything shown by the record, by the testimony, over $5,000,000?

various circles representing the various corporations. The affiliations of the First National Bank, the Guaranty Trust Co., and the Bankers Trust Co. are shown by red lines, radiating from the center, and the affiliations of the National City Bank are shown by green lines.

Mr. UNTERMYER. What does the difference in size of the circles represent?

Mr. SCUDDER. The size of the circles represents the approximate relative size of the corporations as determined by their capitalistic and bonded debt, figuring at market value.

Mr. UNTERMYER. Not figuring at par value?

Mr. SCUDDER. No, sir; at market value.

Mr. UNTERMYER. Let us take a concrete illustration here.

Mr. SCUDDER. With all corporations in the United States.

Mr. UNTERMYER. Have you taken anything under a given amount?

Mr. SCUDDER. I have taken in everything over $5,000,000.

Mr. UNTERMYER. Everything shown by the record, by the testimony, over $5,000,000?

Mr. SCUDDER. Yes. The affiliations of J. P. Morgan & Co. are shown in black, by black lines radiating from the center to these various circles representing the various corporations. The affiliations of the First National Bank, the Guaranty Trust Co., and the Bankers Trust Co. are shown by red lines radiating from the center, and the affiliations of the National City Bank are shown by green lines.

Mr. UNTERMYER. What does the difference in size of the circles represent?

Mr. SCUDDER. The size of the circles represents the approximate relative size of the corporations, as determined by their capitalistic and bonded debt, figuring at market value.

Mr. UNTERMYER. Not figuring at par value?

Mr. SCUDDER. No, sir; at market value.

Mr. UNTERMYER. Let us take a concrete illustration here.

Look at the chart with the red, green, and black lines connecting with the United States Steel Corporation. What do those lines mean?

Mr. SCUDDER. The straight black lines without any break represent directors. For instance, J. P. Morgan & Co. have four directors in the United States Steel Corporation. The broken line—dot and dash and dot—represents fiscal agents, or a company that has handled large blocks of securities.

Mr. UNTERMYER. What does the red line connected with the United States Steel Corporation represent?

Mr. SCUDDER. The red lines all represent the affiliations of the First National Bank and the Guaranty Trust Co. and the Bankers Trust Co. The black line is J. P. Morgan & Co.

Mr. UNTERMYER. And the green one?

Mr. SCUDDER. Is the National City Bank.

Mr. UNTERMYER. So that by looking at that chart, you can at a glance tell how many directors from each of those institutions is represented on the board of the particular company shown by the circle?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. What do the colors represent? What does the black represent?

Mr. SCUDDER. That means that it is a First National Bank voting trustee [indicating on chart]. The black one is a Morgan voting trustee.

Mr. UNTERMYER. Has there been any duplication of the record?

Mr. SCUDDER. No, sir.

Mr. UNTERMYER. You have eliminated that?

Mr. SCUDDER. I have eliminated that.

Mr. UNTERMYER. Does that take in the Boston and Chicago affiliations?

Mr. SCUDDER. No, sir; that does not.

Mr. UNTERMYER. Have you a separate chart taking in those?

Mr. SCUDDER. I have a separate chart; yes, sir.

Mr. UNTERMYER. Please explain this second chart.

Mr. SCUDDER. The second chart is made up on the same principle, showing the affiliations J. P. Morgan & Co. have on the first diagram.

Mr. UNTERMYER. Showing only their affiliations with the Boston and Chicago institutions or otherwise?

Mr. SCUDDER. The affiliations of J. P. Morgan & Co. are shown in black as on the other diagram. The affiliations of Lee, Higginson & Co. and Kidder, Peabody & Co. are shown in red, the affiliations of the First National Bank and the Chicago Central Savings Bank and the Continental Commercial National Bank of Chicago are shown in green.

Mr. UNTERMYER. Taking again, for convenience, the United States Steel Corporation, I see that you have there four green lines, three red lines, five black lines, and some other lines that are not straight lines. What does that mean?

Mr. SCUDDER. The broken line represents stock interest. J. P. Morgan & Co. have a large stock interest in the United States Steel Corporation.

The second broken line represent fiscal agency; and that line, wherever used on the chart, means that the banking houses are fiscal agents, syndicate managers, or purchasers of large blocks of securities.

The straight black line represents directors. It shows that J. P. Morgan & Co. have four directors in the United States Steel Corporation.

Mr. UNTERMYER. And what do the red lines show?

Mr. SCUDDER. Two straight red lines show that Lee, Higginson & Co. and Kidder, Peabody & Co. have two directors in the United States Steel Corporation.

Mr. UNTERMYER. And what do the green lines show?

Mr. SCUDDER. The straight green lines show that the Chicago banks named have two directors, and the dotted lines show that they have two directors in subsidiaries of the United States Steel Corporation.

Mr. UNTERMYER. Adding together, by way of illustration, the directors represented by this group of the United States Steel Corporation, taking the two diagrams, how many directorates would that make, excluding duplications, held by the group represented on the two charts?

the two diagrams, how many directorates, what representation, does that make?

Mr. SCUDDER. Seven.

Mr. UNTERMYER. And on that basis you can see from the face of the diagram, can you, what the extent of the directorate representation is in those different concerns?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. And are these charts based entirely on directorate representation, or are there other features shown in the way of affiliations?

Mr. SCUDDER. They are based on all kinds of affiliation; affiliation through stock interest, through voting trustees, through fiscal agencies, or through the handling of large blocks of securities.

Mr. UNTERMYER. Stock interests, too?

Mr. SCUDDER. Stock interests, too; yes, sir.

Mr. UNTERMYER. Taking, again, the first diagram, and by way of illustration again taking the National Bank of Commerce, for instance, what do those red and green lines represent in the total of representation of the directorates?

Mr. SCUDDER. It shows that the First National Bank, the Guaranty Trust Co., and the Bankers' Trust Co. have 13 directors in the National Bank of Commerce; that they have stock ownership; that the National City Bank has two directors and J. P. Morgan has two directors, and J. P. Morgan has a stock interest.

Mr. UNTERMYER. That is all shown by these lines?

Mr. SCUDDER. It is all shown by these lines.

Mr. UNTERMYER. Take another illustration, the Astor Trust Co.; how would you read those lines?

Mr. SCUDDER. It shows that the First National Bank, the Guaranty Trust Co., and the Bankers' Trust Co. have 14 directors, that J. P. Morgan & Co. have 3 directors, and that the First National Bank has a stock interest.

Mr. UNTERMYER. Is that the full explanation you care to make of those two diagrams?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. In order to show the affiliations of these corporations, would it be necessary, then, to read the two diagrams together?

Mr. SCUDDER. Yes; it would.

Mr. UNTERMYER. I see that the lines representing the Guaranty Trust and the Bankers' Trust are in red, which would represent the First National Bank representation. Why are they not put in black, as representing J. P. Morgan & Co.?

Mr. SCUDDER. I was trying to show those three together as a group. I thought that they were more closely related than the National City bank was. I wanted to show that separately.

Mr. UNTERMYER. I offer these two charts in evidence.

The two charts referred to were marked, respectively, "Exhibit No. 243, February 25, 1913," and "Exhibit No. 244, February 25, 1913," and will be found printed at the end of the report of the subcommittee.

Mr. SCUDDER. Yes; there have been several changes in directorates. Mr. Lovett and Mr. Trumbull, president of the Chesapeake & Ohio, have become directors of the National City Bank.

Mr. UNTERMYER. What is Mr. Lovett's position as to other corporations?

Mr. SCUDDER. He is a director of the Union Pacific and a director of the Southern Pacific, or was until recently.

Mr. UNTERMYER. Is he a director, or is he the president?

Mr. SCUDDER. I have forgotten.

Mr. HAYES. He is president.

Mr. UNTERMYER. He has gone into the directorate of the City Bank?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. Has there also been a change with respect to the Union Pacific and the Southern Pacific directorates?

Mr. SCUDDER. Yes; within the last month there has been a considerable change between the directorate of the Southern Pacific. A great many of the directors who were also in the Union Pacific have left the board, and others have been elected.

Mr. UNTERMYER. To that extent, then, your charts and diagrams would be changed, would they not?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. Are there any other changes to which you want to call attention, that have transpired since these diagrams and charts were made?

Mr. SCUDDER. Mr. McRoberts and Mr. Talbert, who were directors of the National City Bank, have resigned from the Continental and Commercial National Bank of Chicago; but I understand that that resignation does not take effect until next month.

Mr. UNTERMYER. They appear on the charts and maps as affiliated with this Chicago institution, and they will not be after next March, is that it?

Mr. SCUDDER. Yes, sir. Also Mr. S. S. Palmer, of the National City Bank, died a few weeks ago.

Mr. UNTERMYER. Have you now enumerated all the changes that you know of that have taken place since you prepared this data?

Mr. SCUDDER. Yes, sir. I would like to call attention to the fact that the changes in the Southern Pacific directorate have not been taken account of in the diagram, they have taken place so recently; but the affiliations of Mr. Lovett and Mr. Trumbull are shown on the diagram.

Mr. UNTERMYER. What about Mr. McRoberts and Mr. Talbert?

Mr. SCUDDER. They are all shown as directors of the Continental and Commercial National Bank of Chicago.

Mr. UNTERMYER. That you put on the ground that their resignations have not yet taken effect?

Mr. SCUDDER. Yes.

Mr. UNTERMYER. Is that all?

Mr. SCUDDER. That is all.

Witness excused.

Thereupon, at 11.30 o'clock a. m., the subcommittee adjourned until to-morrow, Wednesday, February 26, 1913, at 2 o'clock p. m.

×

INVESTIGATION

OF

FINANCIAL AND MONETARY CONDITIONS IN THE UNITED STATES

UNDER

HOUSE RESOLUTIONS NOS. 429 AND 504

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY

PART 29

WASHINGTON
GOVERNMENT PRINTING OFFICE
1913

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY.

HOUSE OF REPRESENTATIVES.

ARSÈNE P. PUJO, Louisiana, *Chairman.*

WILLIAM G. BROWN, West Virginia.	GEORGE A. NEELEY, Kansas.
ROBERT L. DOUGHTON, North Carolina.	HENRY McMORRAN, Michigan.
HUBERT D. STEPHENS, Mississippi.	EVERIS A. HAYES, California.
JAMES A. DAUGHERTY, Missouri.	FRANK E. GUERNSEY, Maine.
JAMES F. BYRNES, South Carolina.	WILLIAM H. HEALD, Delaware.

R. W. FONTENOT, *Clerk.*
A. M. McDERMOTT, *Assistant Clerk.*

MONEY TRUST INVESTIGATION.

SUBCOMMITTEE OF THE
COMMITTEE ON BANKING AND CURRENCY,
HOUSE OF REPRESENTATIVES,
Washington, D. C., February 26, 1913.

The subcommittee met at 2.30 o'clock p. m.

Present: Messrs. Pujo (chairman), Stephens, Daugherty, Byrnes, Neeley, McMorran, and Hayes.

Present, also: Samuel Untermyer, Esq., of New York City, counsel for the committee, and G. Carroll Todd, Esq., assistant counsel for the committee.

TESTIMONY OF JOHN V. HOGAN.

The witness was sworn by the chairman.

Mr. UNTERMYER. Where do you reside?

Mr. HOGAN. I reside in New York.

Mr. UNTERMYER. Are you an economist and statistician?

Mr. HOGAN. Yes.

Mr. UNTERMYER. Have you, at the request of the committee, made examination into the conditions in Europe with respect to the banks of the various countries and their constitution, and the character of their business, and other matters connected with those banks?

Mr. HOGAN. Yes.

Mr. UNTERMYER. In making that investigation, what authorities have you used?

Mr. HOGAN. A great mass of authorities; a large number of them.

Mr. UNTERMYER. Continental as well as English?

Mr. HOGAN. Yes.

Mr. UNTERMYER. You read other languages?

Mr. HOGAN. Yes.

Mr. UNTERMYER. German and French?

Mr. HOGAN. Yes; and other languages.

Mr. UNTERMYER. Will you give us some idea of the authorities you have consulted in the making of this investigation?

Mr. HOGAN. One of the authorities is the London Banking Almanac, which is very complete, very full; goes into extreme details.

The Stock Exchange Intelligence of London is a volume of several hundred pages which gives details of the organization and condition of all English and continental companies, banking and others. I have also consulted the Annuaire General of Paris and the Borson Yahrbuch, the German authority. The Economiste Francais is one of the very best authorities not only for France but for Germany also.

authority.

Mr. UNTERMYER. You have consulted his book?

Mr. HOGAN. Yes; his book.

Mr. UNTERMYER. Have you brought these investigations down to the year 1912?

Mr. HOGAN. Yes; some of them down to 1913.

Mr. UNTERMYER. Have you compiled a list of the holdings of securities by national banks in this country?

Mr. HOGAN. Yes.

Mr. UNTERMYER. Will you be good enough to produce it, if you have it here?

Mr. HOGAN. It appears not to be among my papers here. I must have left it at the hotel.

Mr. UNTERMYER. Well, what is this list which you have compiled?

Mr. HOGAN. It is a list of the holdings of securities other than United States Government bonds held by the different national banks.

Mr. UNTERMYER. As compared with their capital?

Mr. HOGAN. Yes.

Mr. UNTERMYER. Is there a comparison also of the amount of securities held by these various banks, with their deposits?

Mr. HOGAN. With their loans and with their deposits.

Mr. UNTERMYER. Have you the results, there?

Mr. HOGAN. Yes, sir; I have just a memorandum of this.

Mr. UNTERMYER. Will you just give that to us?

Mr. HOGAN. There are 2,211 national banks that hold 100 per cent of their capital in securities. One thousand two hundred and twenty-two national banks hold 200 per cent of their capital in securities that they own.

Mr. UNTERMYER. And that is other than United States Government bonds?

Mr. HOGAN. Other than United States bonds.

Mr. UNTERMYER. Does that include State and municipal bonds?

Mr. HOGAN. Yes, sir; but they are very largely other than State and municipal.

Mr. UNTERMYER. You have the proportions of those two, have you?

Mr. HOGAN. Yes. There are 649 that have 300 per cent of their capital.

Mr. UNTERMYER. In securities?

Mr. HOGAN. Yes. Three hundred and seventy-one have 400 per cent; 213 have 500 per cent; 133 have 600 per cent; 81 have 700 per cent; 46 have 800 per cent; 28 have 900 per cent; 17 have 1,000 per cent.

Mr. MCMORRAN. Is that in New York City?

Mr. HOGAN. No; in the United States.

The CHAIRMAN. These are all national banks?

Mr. HOGAN. Yes. Eight banks have from 1,500 to 2,100 per cent.

Mr. UNTERMYER. Eight national banks have from 1,500 to 2,100 per cent of their capital invested in securities?

Mr. HOGAN. Yes.

Mr. HOGAN. Yes, sir. There are 353 banks that have 60 per cent of their deposits thus invested; 108 banks have 75 per cent, and 19 have 100 per cent; 8 banks have 125 per cent and over.

Mr. UNTERMYER. That is, of their deposits in the form of permanent investments?

Mr. HOGAN. Yes.

Mr. UNTERMYER. From what sources are these figures derived?

Mr. HOGAN. They are taken from the 1911 report of the Comptroller of the Currency. The 1912 report is not yet ready for distribution.

As regards loans, 1,037 banks hold securities to the extent of 50 per cent of their loans; 864 banks hold securities to the extent of 60 per cent, 742 banks hold 70 per cent, 678 banks hold 80 per cent, 359 banks hold 100 per cent, 263 banks hold 125 per cent.

Mr. MCMORRAN. That is the per cent of securities to their loans?

Mr. HOGAN. Yes; 103 banks hold 200 per cent, 41 banks hold 300 per cent, 25 banks hold 400 per cent, 16 banks hold 500 per cent, and 3 banks hold 1,000 per cent and over.

Mr. UNTERMYER. That is ten times as much invested in securities as in loans?

Mr. HOGAN. Yes.

Mr. UNTERMYER. Have you there a list covering certain special banks?

Mr. HOGAN. Yes [producing list].

Mr. UNTERMYER. What does that list show; what do the different columns show?

Mr. HOGAN. The first two columns show the banks. The next column shows the amount of deposits. The next column shows the loans. The last column shows the amount of securities owned.

Mr. UNTERMYER. In those selected instances?

Mr. HOGAN. Yes; selected; but they are not unusual. I just took them at random, almost.

Mr. UNTERMYER. There are none of the New York City banks, are there?

Mr. HOGAN. No; but some of the New York City banks are worse.

Mr. UNTERMYER. In what instance?

Mr. HOGAN. As a matter of course the banks like the Chase National Bank, and the Hanover National Bank, and the City Bank, and the First National Bank hold a great deal more of securities.

Mr. UNTERMYER. Do they hold as much compared with their loans and deposits?

Mr. HOGAN. Hardly as much, no; because they have heavier deposits.

Mr. UNTERMYER. That may go in the record.

Location.	Bank.	Deposits.	Loans.	Securities owned.
Scranton, Pa	First	$10,262,280	$4,013,557	$6,158,627
Belvidere, N. J	Belvidere	490,850	52,699	537,958
Newark, N. J	North Ward	3,828,342	1,230,299	2,256,945
Cobbleskill, N. J	First	1,873,410	188,089	1,550,592
Carbondale, Pa	do	1,895,037	248,644	1,656,498
Doylestown, Pa	Doylestown	1,106,084	192,786	898,490
Hopkinton, Mass	Hopkinton	116,522	8,659	121,600
Fredericka, Del	First	206,929	17,678	194,688
Troy, Pa	Grange	419,784	106,343	326,771
Pawling, N. Y	First	335,600	108,091	382,900
Greenville, Pa	Perkiomin	1,233,218	142,310	1,054,924
Toms River, N. J	First	700,020	99,497	736,595

Mr. UNTERMYER. Will you please tell us now as to the banking conditions in Great Britain; first in London. There is a system of branch banks in England, is there not?

Mr. HOGAN. Yes. Most of their banking is done in branch banks. It is very extended.

Mr. UNTERMYER. How many banks and branch banks are there in London? Have you the data there showing that?

Mr. HOGAN. I have not the data for London.

Mr. UNTERMYER. Have you for all of Great Britain?

Mr. HOGAN. I have for all of Great Britain; yes.

Mr. UNTERMYER. Give us the data for Great Britain.

Mr. HOGAN. There are about 8,550.

Mr. UNTERMYER. Have you not the exact number there?

Mr. HOGAN. Yes. There are 8,364 branch banks and 148 main banks.

Mr. UNTERMYER. That includes Ireland, does it not?

Mr. HOGAN. That includes Ireland and Scotland.

Mr. UNTERMYER. How many of these in this list are known as joint stock banks?

Mr. HOGAN. There are 78 joint stock banks.

Mr. UNTERMYER. And what are the remainder?

Mr. HOGAN. The remainder are incorporated or registered private banks and country banks. The country banks in England, which are still in existence are banks of a kind not known in this country. They are nearly all of them note-issuing banks; they issue their own bank notes and do a very heavy business. They are old established banks. They are all of them over 150 years old.

Mr. UNTERMYER. Are there merchant bankers there?

Mr. HOGAN. Oh, yes; there are a great many of them in all the cities, especially in London; but I have not included any of those.

Mr. UNTERMYER. What change has there been in the number of banks in Great Britain since 1907?

Mr. HOGAN. There are three less banks than there were in 1907.

Mr. UNTERMYER. How has that condition been brought about?

Mr. HOGAN. One bank failed and three banks were consolidated and two new ones were started; but there has been a very great in-

Mr. HOGAN. Not with me; no, sir.

Mr. UNTERMYER. Have you compiled a list of mergers of incorporated banks in Great Britain and Ireland since 1879?

Mr. HOGAN. Yes, sir; there have been 94 mergers in the 32 years.

Mr. UNTERMYER. At what rate is that per year?

Mr. HOGAN. That is about 3 per year.

Mr. UNTERMYER. During that time have there been other banks incorporated?

Mr. HOGAN. Yes, sir; there have been 21 banks incorporated.

Mr. UNTERMYER. How many mergers of banks have there been in London since 1879?

Mr. HOGAN. There have been 10.

Mr. UNTERMYER. How many have there been since 1900?

Mr. HOGAN. There have been three.

Mr. UNTERMYER. Do you know how many there have been in the United States, and in New York City, since 1900?

Mr. HOGAN. I did not figure out the United States and New York entirely, but there are 21 trust companies in New York that have merged since 1900.

Mr. UNTERMYER. In New York City?

Mr. HOGAN. In New York City alone; yes, sir.

Mr. UNTERMYER. Have you a list of those?

Mr. HOGAN. Yes, sir.

Mr. UNTERMYER. Will you please produce it?

Mr. HOGAN. I have not written it out fully, but I have it here.

Mr. UNTERMYER. It may go into the record, then, if there is no objection.

The list referred to was marked "Exhibit No. 247, February 26, 1913," and is here printed in the record, as follows:

EXHIBIT NO. 247, FEBRUARY 26, 1913.

New York trust companies consolidated or merged since 1900.

Atlantic Trust Co.
Bowling Green Trust Co.
Bond & Trust Co.
Central Realty Trust Co.
City Trust Co.
Continental Trust Co.
Fifth Avenue Trust Co.
Holland Trust Co.
McVicker Realty Trust Co.
Manhattan Trust Co.
Mercantile Trust Co.
Merchants Trust Co.
Morton Trust Co.
North American Trust Co.
Savoy Trust Co.
Standard Trust Co.
Trust Company of America.
Trust Company of the Republic.
Van Norden Trust Co.
Windsor Trust Co.
Knickerbocker Trust Co., merged with Columbia Trust Co.

Mr. UNTERMYER. How many mergers have there been in Scotland banks and in Ireland since 1879?

Mr. HOGAN. There has not been one merger in Ireland. There have been two in Scotland.

Mr. UNTERMYER. Have there been new banks formed in those countries in that time?

Mr. HOGAN. Yes.

Mr. UNTERMYER. How many?

stock banks in Great Britain and Ireland?

Mr. HOGAN. Yes.

Mr. UNTERMYER. Have you that list?

Mr. HOGAN. Yes.

Mr. UNTERMYER. How many persons are directors in two or more English joint-stock banks, or Great Britain banks?

Mr. HOGAN. There is no person who is director in more than two.

Mr. UNTERMYER. There are eight who are directors in two banks?

Mr. HOGAN. Yes.

Mr. UNTERMYER. What are the circumstances as to those?

Mr. HOGAN. The London and Yorkshire Bank, a bank with some fifty millions of deposits, got into trouble in 1911, and to prevent its failure 12 other banks put up a lot of money, and they were allowed to name six directors in it until it got through its trouble. But outside of those six, the other two who are directors in two banks, those banks are not competing banks at all.

Mr. UNTERMYER. Let us take these six. Was this Yorkshire bank that failed competing with the banks in which these six men were directors?

Mr. HOGAN. Not to any extent; no, sir.

Mr. UNTERMYER. And you say these six men are temporarily there, while they help out in regard to the failure?

Mr. HOGAN. Yes; only until the bank shall get on its feet.

Mr. UNTERMYER. As to the two men who are directors in two banks in Great Britain, you say those banks are not competitors?

Mr. HOGAN. No, sir.

Mr. UNTERMYER. What are they? Will you just tell us what they are?

Mr. HOGAN. One is Mr. Williams, who is a director in the Wilset-Dorset Bank and also in the Williams & Deakin Bank. One of them is a country bank and the other is a London city bank.

Mr. UNTERMYER. The one that is in the country is where in the country?

Mr. HOGAN. It is in the southwestern part of England, Wiltshire and Dorsetshire.

Mr. UNTERMYER. Is that 100 miles from London?

Mr. HOGAN. It is 50 miles or 75 miles; 100 miles is a long ways in England.

Mr. UNTERMYER. They are not competitors?

Mr. HOGAN. Not in any way whatever.

Mr. UNTERMYER. The other director who is a director in two banks in Great Britain, who is he?

Mr. HOGAN. The other is Alfred Sykes.

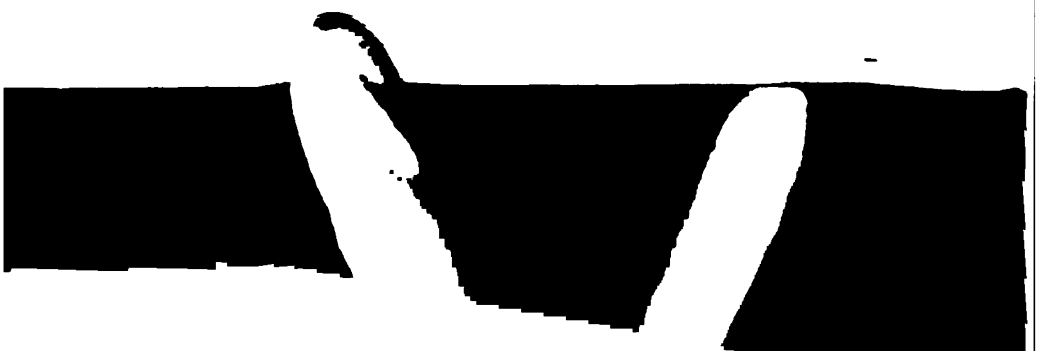
Mr. UNTERMYER. He is a director in what banks?

Mr. HOGAN. In the West Yorkshire and in the Halifax and District Banking Co.

Mr. UNTERMYER. Are their businesses in any way competitive?

Mr. HOGAN. No, sir; they are both of them rather small banks.

Mr. UNTERMYER. With the exception of these two instances, are there any people in Great Britain who are directors in as many as two banks?



Mr. HOGAN. Oh, yes; there are five who are directors in an English bank and in an Irish bank, but they do not compete with each other. They do not do business in the same country.

In the same way there are four who are directors in the London and German bank, whose business is almost purely in Germany, and they are at the same time directors in English banks. But they are not in the remotest degree in the same line of business.

Mr. UNTERMYER. Those German banks located in England do business with Germany?

Mr. HOGAN. Yes.

Mr. UNTERMYER. What is the situation on this subject of bank directorship in Germany?

Mr. HOGAN. There are eight great banks, as they are called, in Germany, and all of them have their head offices in Berlin. None of them have interlocking directors. That is, no man is director in any two of them.

Mr. UNTERMYER. How many smaller banks are there in Germany?

Mr. HOGAN. Outside of those there are 429 other banks, besides the great banks.

Mr. UNTERMYER. And how many still smaller banking institutions are there in Germany?

Mr. HOGAN. There are 301 of less than a million marks capital. That is, $230,000.

Mr. UNTERMYER. Are there also systems of branch banks there?

Mr. HOGAN. Oh, yes; they have very extensive systems of branch banks.

Mr. UNTERMYER. How many have they?

Mr. HOGAN. The Reichsbank of Germany has 500 branches, and there are 2,100 branches of the others, or there are a vastly greater number. A great number of what we call branches here they do not call branches. They call a branch merely an independent branch in another city that runs itself entirely. For instance, the Deutsche Bank has 58 branches in Berlin which do an independent business, but they call them exchange offices and not branches.

Mr. UNTERMYER. Including these, how many are there?

Mr. HOGAN. There are probably between 4,000 and 5,000. Dr. Riesser says there are 4,000 at least.

Mr. UNTERMYER. There are no interlocking directorates in any of these German institutions?

Mr. HOGAN. No, sir.

Mr. UNTERMYER. What is the situation in France?

Mr. HOGAN. I found only two or three cases in Paris of any man being a director in two banks.

Mr. UNTERMYER. Did you find the explanation of that?

Mr. HOGAN. No; I did not look it up, because it was so very odd that I supposed there was just a special reason for it. There are many very large banks in Paris.

Mr. UNTERMYER. Are they united in interest or independent?

Mr. HOGAN. No; they are absolutely independent. They are strongly competitive.

Bank of Scotland do not allow any banker or broker to be a director.

Mr. McMORRAN. Excuse me a moment. Is there not a difference between the distinction of a banker and broker over in England?

Mr. UNTERMYER. Yes; I was just coming to that question.

Mr. Hogan, it has been stated here, either in the testimony or in some document, that Mr. Baring is a director in the Bank of England.

Mr. HOGAN. Mr. Cecil Baring is a director in the Bank of England. He is not a member of the firm of Baring Bros.

Mr. UNTERMYER. He is not a member of that firm?

Mr. HOGAN. No, sir; he is not a member of that firm.

Mr. UNTERMYER. What distinction is drawn, if any, in England between what we generally understand as a broker and what is understood over there as a broker?

Mr. HOGAN. There are a class of houses there the members of which are not called brokers. For instance, Rothschilds are not called brokers at all; they are merchants. The reason is that they do an enormous mercantile business. They handle enormous quantities of copper and rubber and oil and things of that kind. That is an enormous business. It is bigger in many respects than their banking business. One of the Rothschilds has been a director of the Bank of England continuously for 75 years; and yet they make it a rule to have no bankers in their board.

Mr. UNTERMYER. They do not allow note brokers either, do they?

Mr. HOGAN. No, sir; they do not allow note brokers either.

Mr. UNTERMYER. Have they anything that would correspond to our understanding of bankers on the boards of banks of Great Britain?

Mr. HOGAN. No; I do not think they have. The nearest to it is the Goschens, and they are largely merchants.

Mr. UNTERMYER. Is this case of the Rothschilds and the Bank of England the only one that you know of in which a man that we call a banker is a member of one of these British boards?

Mr. HOGAN. Yes, sir. It is the same case in Paris. One of the Rothschild family (Henry Rothschild) is a director in the Bank of France. But they make it a rule to have only merchants and manufacturers on their board.

Mr. UNTERMYER. Is there anybody besides Henry Rothschild in France, in the Bank of France, or any of the branch banks, whom we would designate as a banker?

Mr. HOGAN. No, sir.

Mr. UNTERMYER. Have you made any calculation as to the average shareholding in the English banks?

Mr. HOGAN. It is a little over 30 shares to the stockholder.

Mr. UNTERMYER. Are you familiar with the method of voting on stock?

Mr. HOGAN. Yes.

Mr. UNTERMYER. What are the limitations?

Mr. HOGAN. There are 53 banks that limit the amount of votes that a stockholder can poll. They are all progressive limitations; almost invariably. Generally a man who has 5 to 10 shares has only one vote, and it decreases the vote in proportion to the increase in the number of shares.

shares votes three votes; but a man who has over 200 shares votes only four votes. Even if he had a million shares he could not vote over four.

Mr. UNTERMYER. Is that the largest bank in England?

Mr. HOGAN. It has the largest number of shares of any bank in England. They have 700,000 shares.

Mr. UNTERMYER. It is not the largest bank?

Mr. HOGAN. It is the second largest bank.

Mr. UNTERMYER. In regard to the distribution of shares, how is it?

Mr. HOGAN. They have 23,000 stockholders.

Mr. UNTERMYER. Have you, from your investigations, observed whether there is any change in the average number of shares held by each holder?

Mr. HOGAN. It is decreasing right straight along. In the Bank of England a man who has over £500 of stock has only one vote.

Mr. UNTERMYER. That is, over five shares?

Mr. HOGAN. Over five shares.

Mr. UNTERMYER. That is £100 a share?

Mr. HOGAN. £500 is five shares.

Mr. UNTERMYER. What are your authorities for these statements?

Mr. HOGAN. The authorities for voting are found in the London Banking Almanac and in the Stock Exchange Intelligence. They both give a statement of every bank and its officers and everything else, and the voting rights.

Mr. UNTERMYER. On what page is that, do you remember?

Mr. HOGAN. It is on page 85 of the Banking Almanac for 1912. It is published every year. In the Stock Exchange Intelligence it is under the article "Banks."

Mr. UNTERMYER. How many so-called great banks were there in Paris in 1912?

Mr. HOGAN. Thirty-seven.

Mr. UNTERMYER. How many branches were there?

Mr. HOGAN. They have 2,777 branches.

Mr. UNTERMYER. How many other important incorporated banks were there in Paris?

Mr. HOGAN. There are 32.

Mr. UNTERMYER. How many branches are there?

Mr. HOGAN. They have 63 branches.

Mr. UNTERMYER. Does that include all incorporated banking institutions in Paris?

Mr. HOGAN. That includes all the large ones. There are over 200 others that have capital stock, but they are mostly small ones.

Mr. UNTERMYER. How many provincial incorporated banks are there in France?

Mr. HOGAN. Fifty-four.

Mr. UNTERMYER. Is that for 1912?

Mr. HOGAN. For 1912.

Mr. UNTERMYER. And how many branches?

Mr. HOGAN. One hundred and fifty-four branches.

Mr. UNTERMYER. How large?

Mr. HOGAN. From five to ten million dollars of stock.

Mr. UNTERMYER. How many branches of incorporated banks are there in France?

Mr. HOGAN. Two thousand five hundred.

Mr. UNTERMYER. Are there other bankers in Paris, or banks?

Mr. HOGAN. France is a country of private banks, to an extreme. There are 32 large private bankers, some of them great big bankers like Hottinguer and Erlanger and Rothschild and others.

Mr. UNTERMYER. How many branches have they?

Mr. HOGAN. Thirty-one branches. In France generally there are 1,710 bankers.

Mr. UNTERMYER. Private bankers?

Mr. HOGAN. Yes. Some of those are 100 and 200 years old. They are very strong bankers.

Mr. UNTERMYER. The total number of banking institutions in France in 1912 was how many?

Mr. HOGAN. Including branches, the total number was 4,516. There are 1,900 banks and bankers, with 2,600 branches. That makes 4,500.

Mr. UNTERMYER. What is the character of the business of the French private banks?

Mr. HOGAN. It is the very purest banking that there is, because the French private banker is closer to his customers than in any other place in the world. They are confidential bankers in every sense of the word. They are advisers. They do a pure banking business, depositing and investing.

Mr. UNTERMYER. What are the authorities you have there?

Mr. HOGAN. The Annuaire General des Societes Francaises and the Economiste Francaise; and the best authority on the country bankers that I have found is Bottin, who publishes a country directory. He gives a directory of every little town in France, and every hamlet in France, with every person in it.

Mr. UNTERMYER. That is for what year?

Mr. HOGAN. That is for 1911.

Mr. UNTERMYER. I think you have given us Germany, have you not?

Mr. HOGAN. To a great extent; yes, sir.

Mr. UNTERMYER. What growth of banks has there been in Germany, if any?

Mr. HOGAN. The growth has been a very rapid one. In 1888 there were 193 banks with 457 branches. In 1907 there were 463 banks with 1,600 branches. In 1911 there were 479 banks with 2,086 branches.

Mr. UNTERMYER. Did you say there was no interlocking of directorates of the great banks in Germany?

Mr. HOGAN. No, sir.

Mr. UNTERMYER. What are your authorities upon Germany?

Mr. HOGAN. The authorities upon Germany were Dr. Riesser, who is the very highest German authority, and the Borson Yahrbuch; and also the Economiste Francaise, which is a very fine Germa-

at 4,000. M. Lansburgh claims that there are even 6,000, notwithstanding the ravages that have been practiced among them by what is called concentration, absorption, or fusion.

Mr. UNTERMYER. To what extent did you find any absorption or fusion?

Mr. HOGAN. The only absorption there is not an absorption; it is private bankers going out of business and turning over their branches to the big banks.

Mr. UNTERMYER. Are those branches continued?

Mr. HOGAN. Right straight along. They are continued as independent, regular business.

Mr. UNTERMYER. Have you come across any cases of absorption of banks where they closed the absorbed bank?

Mr. HOGAN. Not one. I have not noticed a case in Europe. Even when the London & County Bank was merged with the London & Westminster Bank, they kept both the old offices intact.

Mr. UNTERMYER. Did you examine the conditions in Belgium and Russia and Sweden?

Mr. HOGAN. Yes.

Mr. UNTERMYER. What are the restrictions in the Netherlands? What is the average holding of shares?

Mr. HOGAN. The average holding of shares in the bank in the Netherlands is 4½ shares to the stockholder. They give one vote for 5 shares and one vote for each additional 10 shares.

In Russia the law is that no shareholder shall have a voting power exceeding one-tenth of the aggregate number of voters present at a stockholders' meeting.

Mr. UNTERMYER. Is there any interlocking of directors that you found in Russia or Sweden?

Mr. HOGAN. No, sir. In Sweden the law is that a director shall not be a member of the managing board of any other bank.

In Russia no person shall be allowed to be a member of the board of management of more than one bank.

In Belgium no officer or director of a bank shall be in the board of direction of another bank.

In Australia and New Zealand the number of shares that a person can own is generally limited.

Mr. UNTERMYER. Do you know what the limitations are?

Mr. HOGAN. The highest limitation is one twenty-fifth. They run up as high as one-eightieth.

Mr. UNTERMYER. Are there a class of people in the banking business there known as acceptance houses?

Mr. HOGAN. In London; yes, sir.

Mr. UNTERMYER. What is their particular business?

Mr. HOGAN. Their business is to accept drafts drawn on them from other parts of the world—from distant parts of the world. A man in London, for instance, a merchant who wants to buy some coffee in Brazil would have to pay for it in Brazil, so that he makes an arrangement with one of these acceptance houses to accept his draft drawn on them.

Mr. UNTERMYER. Do they do any business with these banks, or is their business a foreign business?

Mr. HOGAN. Their business is a foreign business.

Mr. UNTERMYER. Have you ascertained whether or not the directors in the European banks engage in transactions with banks in which they are directors?

Mr. HOGAN. Some countries absolutely forbid it; a number of countries do so. Russia forbids it. So does Belgium and so does Sweden. They forbid them even in some cases to borrow from the banks.

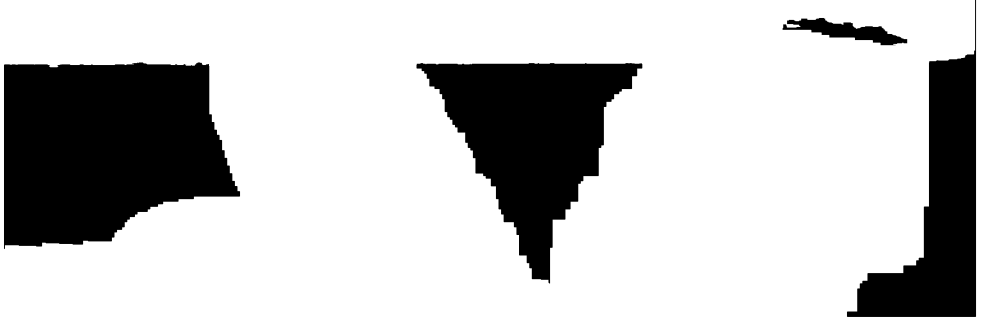
Mr. UNTERMYER. I think that covers the whole subject. I think there are some statistics which you have that you are to furnish?

Mr. HOGAN. Yes.

The CHAIRMAN. Such statistics as you have based your testimony on will be received. File them with the stenographer this afternoon.

Witness excused.

At 3.30 o'clock p. m. the subcommittee adjourned.



INVESTIGATION

OF

FINANCIAL AND MONETARY CONDITIONS IN THE UNITED STATES

UNDER

HOUSE RESOLUTIONS NOS. 429 AND 504

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY

INDEX TO PARTS 1–27

Parts 28 & 29 were printed after this Index was made.

WASHINGTON
GOVERNMENT PRINTING OFFICE
1913

SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY.

HOUSE OF REPRESENTATIVES.

ARSÈNE P. PUJO, Louisiana, *Chairman*.

WILLIAM G. BROWN, West Virginia.	GEORGE A. NEELEY, Kansas
ROBERT L. DOUGHTON, North Carolina.	HENRY McMORRAN, Michigan.
HUBERT D. STEPHENS, Mississippi.	EVERIS A. HAYES, California.
JAMES A. DAUGHERTY, Missouri.	FRANK E. GUERNSEY, Maine.
JAMES F. BYRNES, South Carolina.	WILLIAM H. BEALD, Delaware.

R. W. FONTENOT, *Clerk*.
A. M. MCDERMOTT, *Assistant Clerk*.

INDEX.

[The names appearing in brackets after the index lines indicate the person testifying. Where no name appears, the name last appearing is to be supplied.]

Page.

ADAMS EXPRESS CO.:
interlocking directorates [Scudder, P.] 985, 988, 991, 998, 1000, 1002, 1570
[Baker] 1472

AFFILIATED INSTITUTIONS:
holding companies distinguished [Reynolds] 1655, 1656

ALBANY CLEARING HOUSE ASSOCIATION:
collection of out-of-town checks, charges for [Frew] 619

ALBANY, N. Y.:
discretionary point for collection of out-of-town checks [Cannon] 375

ALDERSON, W. C.:
testimony of 884

ALLIS-CHALMERS CO.:
stock of, held by Metropolitan Life Insurance Co. [Ecker] 1334

AMALGAMATED COPPER CO.:
holding company [Wolfson] 719–740
interlocking directorates [Scudder, P.] 992, 995
stock dealings in, on New York Stock Exchange—
listing securities [Mabon] 362, 365–369, 379–384
manipulations [Wolfson] 723
[Burrage] 1580–1613
statistics as to [Scudder, L.] 688–708, 976
[Exhibits Nos. 83–A–83–E] 1135–1140

AMALGAMATION OF CORPORATIONS:
concentration of interests by [Morgan] 1061–1069

AMERICAN AGRICULTURAL CHEMICAL CO.:
competitors of International Agricultural & Chemical Co. [Davison] 1866
interlocking directorates [Scudder, P.] 989, 993, 1000
underwriting syndicates [Davison] 1869, 1870

AMERICAN BANKERS' ASSOCIATION:
clearing-house department of—
by-laws [Exhibit No. 53] 562
functions of committee [Cannon] 216, 217
membership list [Pugsley] 560
membership of Mr. Cannon on committee [Cannon] 217
membership list [Exhibit No. 52] [Pugsley] 561
membership of Mr. Cannon on executive council [Cannon] 217
recommendations for uniform adoption by clearing houses 217

AMERICAN BANK NOTE CO.:
sole engravers of certificates of securities listed on New York Stock Exchange [Kendall] 895–897
stockholders also members of New York Stock Exchange [Exhibit No. 126] 900, 927, 928

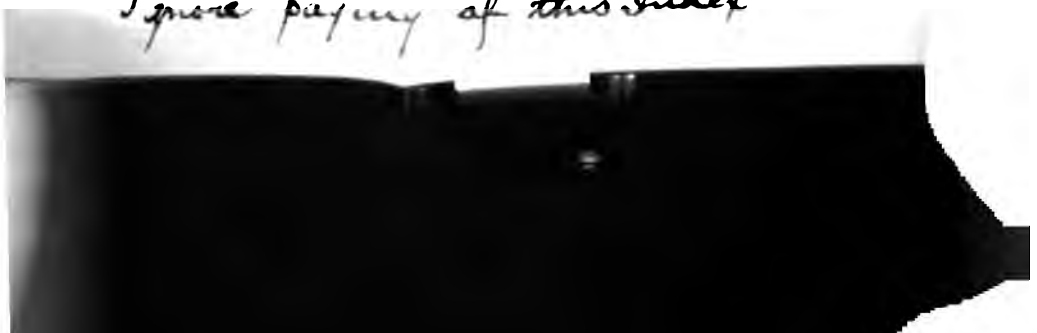
AMERICAN BEET SUGAR CO.:
interlocking directorates [Scudder, P.] 993

AMERICAN CAN CO.:
interlocking directorates [Scudder, P.] 989, 992, 993, 998, 1000, 1001
[Exhibit No 197–a] 1569
stock dealings in—
statistics [Scudder, L.] 688–708
[Exhibits Nos. 106–108] 1174–1178

AMERICAN CAR & FOUNDRY CO.:
interlocking directorates [Scudder, P.] 988, 993, 1000

AMERICAN COTTON OIL CO.:
interlocking directorates [Exhibit No. 197–a] 1569

I prove paging of this Index



underwriting syndicates [Davison] 1849–1853
AMERICAN LIGHT & TRACTION CO.:
interlocking directorates [Scudder, P.] 993
AMERICAN LOCOMOTIVE CO.:
interlocking directorates [Scudder, P.] 992, 993, 998, 1000, 1001
AMERICAN OIL FIELDS CO.:
holding of, by California Petroleum Co. [Henry] 1295-1297
AMERICAN PETROLEUM CO.:
holding of, by California Petroleum Co. [Henry] 1295-1297
AMERICAN RED CROSS SOCIETY OF WASHINGTON, D. C.:
interlocking directorates [Exhibit No. 197-a] 1570
AMERICAN SECURITY & TRUST CO. OF WASHINGTON, D. C.:
interlocking directorates [Scudder, P.] 995, 998
AMERICAN STEEL HOOP CO.:
securities, removal from list of New York Stock Exchange [Mabon] 482–484
AMERICAN SHEET STEEL CO.:
securities, removal from list of New York Stock Exchange [Mabon] 482–484
AMERICAN STEEL & WIRE CO.:
securities, removal from list of New York Stock Exchange [Mabon] 483–484
AMERICAN SMELTING & REFINING CO.:
acceptance of guaranty of Consolidated Stock Exchange and member thereof on stock transfers [De Aguero] 775
interlocking directorates [Scudder, P.] 992, 998, 1000
stock dealings in, on New York Stock Exchange—
statistics [Scudder, P.] 688–708
[Exhibits Nos. 102–103] 1166–1169
AMERICAN SUGAR CO.:
acceptance of guaranty of Consolidated Stock Exchange and member thereof on stock transfers [De Aguero] 775
AMERICAN SUGAR REFINING CO.:
interlocking directorates [Scudder, P.] 991, 995, 998
securities of, as unlisted securities on New York Stock Exchange—
[Mabon] 362–366
AMERICAN SURETY CO.:
interlocking directorates [Scudder, P.] 988, 991, 993, 996, 998, 1000, 1001
[Exhibit No. 197-a] 1569
AMERICAN TELEPHONE & TELEGRAPH CO.:
interlocking directorates [Scudder, P.] 986, 989, 992, 993, 1002
[Baker] 1543
[Exhibit No. 197-a] 1570
[Winsor] 1996
Morgan & Co. as fiscal agents for [Morgan] 1017
underwriting syndicate in [Baker] 1548, 1549
[Schiff] 1664
[Davison] 1858, 1859
[Winsor] 1992–2000
AMERICAN TIN PLATE CO.:
securities, removal from list of New York Stock Exchange [Mabon] 482–484
AMERICAN TOBACCO CO.:
absorption by Consolidated Tobacco Co. [Pomroy] 495–498
[Exhibits Nos. 36–44] 501–504
ANACONDA COPPER CO.:
(*See* Amalgamated Copper Co.)
ANTHRACITE COAL:
control of output of, by anthracite coal railroads [Baker] 1506, 1507, 1510–1518
ANTHRACITE COAL RAILROADS:
(*See also* the titles of the various railroads.)
control of, by Morgan and Baker [Morgan] 1061
control of output of anthracite coal [Baker] 1506, 1507, 1510–1518
holdings of First Security Co. in [Baker] 1504–1510
interlocking directorates [Baker] 1472–1479
ARMOUR & CO.:
interlocking directorates [Scudder, P.] 995
underwriting syndicate in [Baker] 1549

2205

holdings of Baker, George F., in [Baker]..... 1460
ASTOR PLACE BANK OF NEW YORK:
merger with Corn Exchange Bank [Frew]..... 576
ASTOR TRUST CO. OF NEW YORK:
capital of [Davison]..... 1812
deposits in..... 1812
executive committee, list of [Davison]..... 1811
interlocking directorates [Scudder, P.]..... 980, 981, 984, 988, 990-992, 998-1002
[Exhibit No. 197-A]..... 1569, 1570
[Davison]..... 1811, 1812
[Baker]..... 1446, 1447
[Hine]..... 2020, 2021
surplus and undivided profits of..... 1812
underwriting syndicates [Davison]..... 1849-1853
voting trusts [Scudder, P.]..... 1002
ATCHISON, TOPEKA & SANTA FE RAILROAD:
interlocking directorates [Scudder, P.]..... 985, 991, 993, 995, 998
refusal of guaranty of Consolidated Stock Exchange on stock transfers [De Aguero]..... 767
underwriting syndicates [Baker]..... 1547-1549
[Lane]..... 2004
ATLANTIC COAST LINE:
competitor of Seaboard Air Line [Davison]..... 1830, 1831
competitor of Southern Railway..... 1830, 1831
transfer of Louisville & Nashville Railroad to [Baker]..... 1549, 1550
underwriting syndicates [Davison]..... 1829-1831
ATLAS PORTLAND CEMENT CO.:
underwriting syndicates [Davison]..... 1868
AUDIT COMPANY OF NEW YORK:
interlocking directorates [Exhibit No. 197-A]..... 1570

BAIRD, DAVID G.:
testimony of..... 882-884
BAKER, GEORGE F.:
acquisition of holdings of Mutual Life Insurance Co. and Equitable Life Assurance Society in National Bank of Commerce of N. Y. [Baker].. 1461-1471
connection with Central Railroad of N. J..... 1504, 1505
connection with New York Central Railroad..... 1504, 1505
control of anthracite coal roads [Morgan]..... 1061
[Baker]..... 1506-1510
dominance of power of [Baker]..... 1538-1541
interest in transportation facilities in New York City..... 1554, 1555
interlocking directorates [Scudder, P.]..... 1002
[Exhibit No. 197]..... 1490, 1568, 1569
[Baker]..... 1467-1469, 1479, 1489-1491, 1508, 1509, 1516-1518, 1520, 1529, 1543, 1551, 1555
membership on executive committee of United States Steel Corporation..... 1543-1545
membership on finance committee of Mutual Life Insurance Co..... 1471, 1472
personal holdings in certain institutions [Baker].. 1435, 1457-1461, 1524, 1530-1532
testimony of..... 1419-1479, 1489-1568
underwriting syndicates [Baker]..... 1507, 1508, 1513, 1514, 1521, 1522, 1524-1526, 1529, 1530, 1543-1559
voting trusts [Scudder, P.]..... 1002, 1003
[Morgan]..... 1018
[Baker]..... 1447-1453, 1517, 1518, 1520, 1521, 1523, 1524, 1528, 1529, 1560, 1561
[Davison]..... 1824, 1826-1829
BAKER, STEPHEN:
voting trusts [Davison]..... 1812-1824
BALDWIN LOCOMOTIVE WORKS:
interlocking directorates [Scudder, P.]..... 986, 988, 991, 993, 995, 998, 1001
[Exhibit No. 197-A]..... 1570
underwriter syndicates [Davison]..... 1869

+ Baker, Statement relative to —— 2204

BALTIMORE & OHIO RAILROAD:
control of Cincinnati, Hamilton & Dayton Railroad [Baker]..... 1517
interlocking directorates [Scudder, P.]..... 991, 995, 996, 998
[Exhibit No. 200]..... 1695
underwriting syndicates in [Exhibit No. 200]..... 1712–1746
voting trusts [Morgan]..... 1042–1043
[Exhibit No. 200]..... 1769–1772
BALTIMORE CLEARING HOUSE ASSOCIATION:
(*See also* the titles of the other clearing house associations.)
advantages of privileges in [Cloud]..... 509
collection of out-of-town checks—
collection without charges [Cloud]..... 513, 514
[Newcomer]..... 524, 529, 531
regulation of charges [Cloud]..... 510–513
[Newcomer]..... 530
constitution and by-laws [Levering]..... 520, 521
[Exhibit No. 47]..... 539
date of establishment [Wilcox]..... 540
executive committee [Levering]..... 521
interest on deposits [Newcomer]..... 531
interest on loans..... 531
members—
examination of as to solvency [Newcomer]..... 537
competition between..... 538
number [Levering]..... 521
nonmembers with clearance privileges—
annual charge for clearance privileges [Newcomer]..... 523
application of Equitable Mortgage & Trust Co. of Baltimore for
[Bland]..... 514–519
[Newcomer]..... 525–528
[Wilcox]..... 540–542
application of State Bank of Maryland for [Cloud]..... 507–510
[Newcomer]..... 525–528
[Wilcox]..... 540–542
approval before granting clearance privileges [Newcomer]..... 523
compelling subscription to regulations applicable to members..... 533
notice of suspension of clearance privileges..... 536
number [Levering]..... 521
rules and regulations governing [Cloud]..... 510
[Levering]..... 521, 522
[Newcomer]..... 524
public regulation of [Levering]..... 520
[Newcomer]..... 535–539
rule prohibiting clearances by nonmembers through members [Cloud]..... 508
unincorporated association [Cloud]..... 507
[Levering]..... 520
BANKERS' ASSOCIATIONS.
(*See* American Bankers' Association.)
BANKERS' SAFE DEPOSIT CO.:
directorship of First National Bank of New York in [Exhibit No. 197–A].. 1570
BANKERS' TRUST CO. OF NEW YORK:
absorption of Manhattan Trust Co. [Cannon]..... 214, 215
[Frew]..... 602–607, 612
absorption of Mercantile Trust Co. [Cannon]..... 214, 215
[Frew]..... 602–607, 612
absorption of other institutions, participation of Morgan & Co. in [Davison].. 1871
absorption of Trust Co. of America [Cortelyou]..... 450
acquisition of control of Guaranty Trust Co. [Baker]..... 1451
[Davison]..... 1814–1815
bond dealings of [Davison]..... 1856
capital stock [Frew]..... 600–602, 605
data relating to out-of-town correspondents, loans, etc. [Niven]..... 953–963, 1196
deposits with [Frew]..... 599–602, 612

directors, number of [Davison] 1870
executive committee [Frew] 597
interlocking directorates [Scudder, P.] 980, 981, 984, 988, 990, 992, 993, 997, 998, 999, 1001
[Morgan] 1041
[Exhibit No. 197–A] 1570
[Davison] 1811, 1812
[Hine] 2020, 2021
merger of other institutions [Morgan] 1056–1057
personal holdings of Mr. Baker in [Baker] 1460
phenomenal growth of [Frew] 602, 609–610, 612
purchase of stock of Mercantile Trust Co. held by Equitable Life Assurance Society [Day] 1329–1330
reference and index system showing loans of institutions affiliated with—
[Constantine] 1302–1303
[Tillinghast] 1304, 1305
refusal of guaranty of Consolidated Stock Exchange [De Aguero] 767
statements of financial condition of [Frew] 600–602
[Exhibits Nos. 57–66, 66–A–66–E] 600
surplus [Frew] 600–602
underwriting syndicates [Davison] 1849–1853
undivided profits 600–602
voting trusts [Scudder, P.] 986, 989, 992, 994, 999, 1002
[Frew] 596–599, 607, 609, 610, 656–667
[Morgan] 1039–1040
[Day] 1331–1332
[Perkins] 1618–1622
[Schiff] 1687
[Davison] 1812, 1816–1825, 1856

BANK OF ENGLAND:
average of shares held by one person [Morgan] 1058, 1059
number of share holders [Davison] 1970, 1971
ownership of bank shares by 1059
persons excluded from directorships 1058, 1882, 1883
voting power of stockholders 1058, 1059
[Davison] 1971

BANK OF FRANCE:
average of shares held by one person [Morgan] 1059
persons excluded from directorships [Davison] 1882, 1883

BANK OF MANHATTAN CO.:
data relating to out-of-town correspondents, loans, etc. [Niven] 953–963, 1195, 1196
independent organization [Sherer] 127
interlocking directorates [Scudder, P.] 992, 995, 1001

BANK OF NORTH AMERICA:
(*See also* Oriental National Bank.)
call of loan certificates issued to by New York Stock Exchange, solvency of bank at time of [Hanna] 469
receivership and liquidation of [Hanna] 458–461
[Exhibits Nos. 32–33] 460–461

BANKS:
(*See* Fiscal agencies; Interlocking directorates.)
(*See also* the titles of the various banks and trust companies.)
advantageous position of bank with surplus over bank without in case of losses [Frew] 578–581
assets—
carrying in private account [Frew] 576
publicity of [Baker] 1495, 1496
[Schiff] 1690
balances of Equitable Life Assurance Society in principal banks for certain years [Exhibit No. 135–B] 1214
balances of Metropolitan Life Insurance Co. in principal banks for certain years [Exhibit No. 135–C] 1214

combination to stifle competition [Sherer]..... 159
commercial and financial operations of distinguished [Reynolds]..... 1646, 1647
consolidation and amalgamation of, purpose of, to concentrate interests [Morgan]..... 1061–1066
consolidation of industrial corporations, effect on method of financing [Hepburn]..... 315
control of—
by executive officers [Sherer]..... 193–194
by few persons [Hepburn]..... 310
by insurance companies [Ecker]..... 1335
by persons controlling patronage of [Sherer]..... 163
dependency on stock ownership..... 193
depositors' voice in [Morgan]..... 1086–1087
control of board of directors [Davison]..... 1972–1974
cumulative voting [Baker]..... 1518
[Hill]..... 1993, 1994
[Hine]..... 2048, 2049
data relating to, refusal to furnish [Cannon]..... 205–210
[Murray]..... 1376–1380
deposit of gold coin, etc., with clearing house association and issue of clearing house certificates [Vanderlip]..... 276
deposit of gold coin or legal tender in subtreasury and issue of gold certificates..... 277
deposit of silver in subtreasury and issue of silver certificates..... 276
deposits with, by United States during panic of 1907 [Cortelyou]..... 437–454
[Mabon]..... 485–487
directors—
advisability of small boards [Perkins]..... 1628, 1629
[Reynolds]..... 1640–1642
[Schiff]..... 1686
[Davison]..... 1870, 1871
borrowing from, by [Baker]..... 1565
right to inspect collateral loans [Morgan]..... 1090–1091
directorships in corporations doing business with [Reynolds]..... 1642, 1643
examination by bank examiners, thoroughness of [Schiff]..... 1690–1691
fiscal agencies for interstate corporations [Hepburn]..... 313–316
Government regulation of [Schiff]..... 1682, 1683
gross deposits and net deposits distinguished [Frew]..... 599, 600
holding companies, advisability of [Schiff]..... 1691–1694
independence of, in England [Morgan]..... 1060
interest on deposits, competition as to rate of [Sherer]..... 160
interlocking directorates [Sherer]..... 161, 193
[Scudder, P.]..... 981–1003
[Morgan]..... 1047–1057
[Exhibit No. 200]..... 1765
[Davison]..... 1963–1970
[Hine]..... 2020, 2021
judicial review and control of [Sherer]..... 164
list of in which Kuhn, Loeb & Co. have acquired interests [Exhibit No. 200]. 1696
loans by—
October 24, 1907 [Steele]..... 457
[Exhibits Nos. 31, 34]..... 456, 457, 485
on Consolidated Stock Exchange [Cannon]..... 350
on New York Stock Exchange..... 352
[Henry]..... 1275
loans on collaterals—
admission of securities to official list of New York Stock Exchange as prerequisite [Ely]..... 324
demand loans [Cannon]..... 346–349
on unlisted collateral..... 347–348
loans to, October 24, 1907 [Steele]..... 455–457
[Exhibit No. 31]..... 456

minority representation of stockholders [Baker]..... 1518
[Perkins]..... 1622–1624
[Reynolds]..... 1653
[Schiff]..... 1678–1680
[Davison]..... 1972, 1973
[Hill]..... 1990–1993
[Hine]..... 2048, 2049
national banks, authority to have branches [Cannon]..... 204
number of, in United States [Sherer]..... 183
[Davison]..... 1960–1961
number of, carrying balances in New York City [Cannon]..... 351
officers borrowing from [Davison]..... 1975–1977
participation of officers in underwriting syndicates [Winsor]..... 2000–2002
per cent of earnings on capital [Sherer]..... 160
potential competition with banks in New York City..... 161
profit to New York institutions on exchange in favor of interior points [Vanderlip]..... 280, 281
publicity of assets [Davison]..... 1872, 1873
publicity of list of stockholders..... 1872–1874
reorganization of railroad companies..... 1864, 1865
reserves [Davison]..... 1985
secrecy of assets [Hine]..... 2039, 2040
State banks, authority to have branches [Cannon]..... 204
stock dealings by [Sherer]..... 159
[Morgan]..... 1076–1078
underwriting syndicates, participation in by [Morgan]..... 1028–1033
[Henry]..... 1271–1277
[Schiff]..... 1672, 1673, 1675–1678
[Hine]..... 2030–2047
voting power of shareholders [Davison]..... 1971, 1972

BANQUE DE L'INDO CHINE:
interlocking directorates [Davison]..... 1882, 1883

BARING BROS.:
underwriting syndicates [Schiff]..... 1664
[Davison]..... 1858, 1859

BAYONNE, N. J.:
discretionary point as regards collection of out-of-town checks [Cannon]... 375

BAY STATE TRUST CO.:
interlocking directorates [Winsor]..... 1996

BEEKMAN, CHARLES K.:
testimony of..... 263–267

BIG BLACK FOOT MILLING CO.:
(*See* Amalgamated Copper Co.)

BLAND, JOHN R.:
testimony of..... 514–518

BLAIR & CO.:
interlocking directorates in various institutions [Scudder, P.]..... 980–981
underwriting syndicates [Davison]..... 1868

BOSTON:
discretionary point as regards collection of out-of-town checks [Cannon]... 375

BOSTON & MAINE RAILROAD:
fiscal agency of Morgan & Co. for, correspondence relating to [Exhibit No. 141]..... 1097
underwriting syndicates [Baker]..... 1550

BOSTON & MONTANA COPPER CO.:
(*See* Amalgamated Copper Co.)

BOSTON SAFE DEPOSIT & TRUST CO.:
interlocking directorates [Winsor]..... 1996

BOSTON CLEARING HOUSE ASSOCIATION:
collection of out-of-town checks [Frew]..... 618, 619, 655, 656
listed securities, requirement as to engraving of certificates [Kendall]..... 896
loans on collaterals [Griesel]..... 752

BROOKLYN RAPID TRANSIT CO.:
acceptance on stock transfers of guaranty of member of Consolidated Stock Exchange without guaranty of exchange [De Aguero]..... 775
statistics as to dealings in stocks of [Scudder, L.]..... 688–708
[Exhibits Nos. 94–96]..... 1152–1156
BROOKLYN TRUST CO.:
data relating to out-of-town correspondents, loans, etc. [Niven].... 953–963, 1197
interlocking directorates [Exhibit No. 197–A]..... 1570
[Hine]..... 2020, 2021
BUFFALO CLEARING HOUSE ASSOCIATION:
combination on rates of interest [Sherer]..... 155–156
fixing rates of exchange and of collection charges..... 154
fixing rates of interest or discount for collection of out-of-town checks..... 139
BURLINGTON, CEDAR RAPIDS & NORTHERN RAILWAY:
directorship of First National Bank of N. Y. in [Exhibit No. 197–A]..... 1570
BURRAGE, ALBERT C.:
testimony of..... 1580–1613
BURTON, CHARLES S.:
testimony of..... 1244–1248
BUSH, IRVING T.:
testimony of..... 106, 111
BUTTE & BOSTON COPPER CO.:
(*See* Amalgamated Copper Co.)

CALIFORNIA PETROLEUM CO.:
dealings in stocks of [Scudder, L.]..... 688–708
[Lewisohn]..... 922–926, 933–943
[Exhibit No. 130]..... 928
[Feder]..... 944–952
[Exhibit No. 88]..... 1146
[Henry]..... 1281–1297
listing of, on New York Stock Exchange [Lewisohn]..... 921
statement of accounts of Lewisohn Bros., as to purchase and sale of [Exhibit No. 132½]..... 951, 1186–1191
holding corporation [Lewisohn]..... 941–943
[Henry]..... 1295–1297
not engaged in interstate commerce [Lewisohn]..... 941–943
underwriting syndicate [Lewisohn]..... 914–920, 933
[Exhibits Nos. 131, 132]..... 933, 965–969
[Exhibits Nos. 160–162]..... 1279, 1342–1343
[Henry]..... 1250, 1255, 1268–1297
voting trusts [Henry]..... 1250–1255, 1268–1297
[Exhibits Nos. 149–153]..... 1253, 1255, 1261–1266
CALL MONEY:
highest point of quotation during panic of 1907 [Cannon]..... 352
[Thomas]..... 354–355
CANADIAN PACIFIC RAILROAD:
acceptance on stock transfers of guaranty of Consolidated Stock Exchange and member thereof [De Aguero]..... 775
CANADA SOUTHERN RAILWAY:
underwriting syndicates [Davison]..... 1857
CANNON, JAMES G.:
testimony of..... 200–235, 343–353, 374–378
CARNEGIE, ANDREW J.:
subscription to National Citizens' League [Bush]..... 109
CAR TRUST INVESTMENT CO.:
interlocking directorates [Exhibit No. 197–A]..... 1570
CASE, GEORGE B.:
voting trust [Frew]..... 607
CEDAR RAPIDS, IOWA FALLS & NORTHWESTERN RAILWAY:
interlocking directorates [Exhibit No. 197–A]..... 1570

Carter, Ledyard & Milburn ——— 2183

interlocking directorates [Scudder, P.] 995
CENTRAL RAILROAD OF NEW JERSEY:
connection of Mr. Baker with [Baker] 1504, 1505
directors' meetings [Baker] 1509
executive committee 1509, 1510
interlocking directorates [Baker] 1473, 1476, 1516
[Exhibit No. 197–A] 1570
ownership of, by Philadelphia & Reading Railroad 1509
ownership of Lehigh & Wilkes-Barre Coal Co 1479, 1510
per cent of anthracite coal shipped over 1507
Central Trust Co., of Chicago:
interlocking directorates [Scudder, P.] 994
Central Trust Co., of New York:
Acceptance on stock transfers of guaranty of member of Consolidated Stock Exchange without guaranty of exchange [De Aguero] 775
interlocking directorates [Scudder, P.] 990, 995, 996, 998
[Schiff] 1680
not clearing through New York Clearing House Association [Frew] 623
stock of, held by Metropolitan Life Insurance Co. [Ecker] 1335
underwriting syndicates [Davison] 1849–1853
Certified public accountants:
chart showing assets of certain life insurance companies and explanation thereof [Scudder, L.] 974–978, 1212
explanation of data relating to certain members of New York Clearing House Association [Niven] 953–963, 1192–1211
investigation of New York Stock Exchange brokerage houses by [Morse]. 708–717
CHAPPELL, WALTER F.:
testimony of 1777–1783, 2142
CHASE NATIONAL BANK OF NEW YORK:
capital stock [Baker] 1500
control of, by First National Bank of N. Y. [Baker] 1425–1428, 1437, 1438
[Davison] 1870
control of, by First Security Co 1437–1439, 1440, 1441, 1496–1498
data relating to out-of-town correspondents, loans, etc. [Niven] 953–963, 1198
deposit of money in, by United States during panic of 1907 [Cortelyou] ... 442
deposits in [Baker] 1501
dividends [Baker] 1500
interlocking directorates [Scudder, P.] 980, 981, 988, 990, 992, 999, 1000, 1002
[Exhibit No. 197–A] 1570, 1571
[Davison] 1810
[Hill] 1987
[Hine] 2020, 2021
loans on stock exchange [Frew] 649
[Griesel] 745, 750, 751
[Baker] 1501
stockholders of 1,000 shares and over in [Exhibit No. 204] 1798
surplus [Baker] 1501
underwriting syndicates [Davison] 1869, 1870
[Lane] 2013–2018
voting trusts [Scudder, P.] 1000
CHEMICAL NATIONAL BANK OF NEW YORK:
data relating to out-of-town correspondents, loans, etc. [Niven] 953–963, 1198
interlocking directorates [Scudder, P.] 984, 988, 990, 992, 998, 1001
[Davison] Henry P. Davison 1812
CHESAPEAKE & OHIO RAILROAD:
acceptance on stock transfers of guaranty of member of Consolidated Stock Exchange without guaranty of exchange [De Aguero] 775
competition with Virginia Railway [Davison] 1986
interlocking directorates [Scudder, P.] 995, 998
underwriting syndicates [Baker] 1550, 1551
[Schiff] 1688–1689
CHICAGO & ALTON RAILROAD:
underwriting syndicates [Exhibit No. 200] 1747–1752

underwriting syndicates [Baker]..... 1551
[Winsor]..... 2000
[Lane]..... 2004, 2005
CHICAGO CLEARING HOUSE ASSOCIATION:
clearing house committee [Reynolds]..... 1643, 1644
collection of out-of-town checks..... 1647–1653
constitution, regulations, and by-laws [Exhibits Nos. 71–73]..... 687, 1103–1119
examining department of [Reynolds]..... 1644–1646
incorporation of, advisability..... 1654
interest charges, regulation..... 1647–1651
members, number..... 1643
minimum amount of capital required for admission to membership..... 1643
nonmembers with clearance privileges..... 1643
voluntary association..... 1643
CHICAGO CITY RAILWAYS:
underwriting syndicates [Baker]..... 1555
CHICAGO ELEVATED RAILWAYS CO.:
interlocking directorates [Scudder, P.]..... 995
CHICAGO, INDIANAPOLIS & ST. LOUIS RAILWAY:
Morgan & Co. as fiscal agents for [Morgan]..... 1007, 1008
CHICAGO, GREAT WESTERN RAILROAD:
control of, by Morgan & Co. [Baker]..... 1523
interlocking directorates [Scudder, P.]. 985, 987, 989, 991–993, 999, 1000, 1002, 1003
[Baker]..... 1472, 1520, 1521
voting trusts [Morgan]..... 1041, 1042
[Davison]..... 1865
CHICAGO, MILWAUKEE & ST. PAUL RAILWAY:
interlocking directorates [Scudder, P.]..... 991, 995
stock of, held by Equitable Life Assurance Society [Day]..... 1328
stock of, held by Mutual Life Insurance Co. [Peabody]..... 1317
CHICAGO & NORTH WESTERN RAILROAD:
interlocking directorates [Scudder, P.]..... 991, 995
stock of, held by Mutual Life Insurance Co. [Peabody]..... 1316
CHICAGO, ROCK ISLAND & PACIFIC RAILWAY:
interlocking directorates [Scudder, P.]..... 988, 991, 993, 998, 1000, 1001
[Exhibit No. 197–A]..... 1570
[Baker]..... 1543
CHICAGO & WEST INDIANA RAILROAD:
Morgan & Co. as fiscal agents for [Morgan]..... 1007
underwriting syndicates [Davison]..... 1857, 1858
[Hine]..... 2045
CHICAGO STOCK EXCHANGE:
loans on collaterals [Griesel]..... 752
CHOCTAW, OKLAHOMA & GULF RAILROAD:
interlocking directorates [Exhibit No. 197–A]..... 1570
CINCINNATI, HAMILTON & DAYTON RAILROAD:
control of by Baltimore & Ohio Railroad [Baker]..... 1517
interlocking directorates [Baker]..... 1516–1518
voting trusts [Morgan]..... 1043
[Baker]..... 1517, 1518
CITY SECURITIES CO. OF NEW YORK:
community of interest in and ownership by National City Bank—
[Vanderlip]..... 290
[Morgan]..... 1036, 1074–1075
CLEARING HOUSE ASSOCIATIONS:
(*see, also,* Albany Clearing House Association; Baltimore Clearing House Association; Boston Clearing House Association; Buffalo Clearing House Association; Chicago Clearing House Association; New York Clearing House Association.)
abuses of privileges by [Newcomer]..... 532
American Bankers Association as approximating clearing house of clearing houses [Cannon]..... 216

clearing house department of American Bankers' Association [Cannon]... 217
collection of out of town checks [Cannon]... 217–219, 376–378
[Vanderlip]... 279
[Hepburn]... 303
[Frew]... 618–620, 670
effect of refusal of clearance privileges in [Knox, A.]... 549, 551
equal facilities to all banks, desirability of offering [Vanderlip]... 291
examinations of banks members of [Murray]... 1389–1392
importance of in interstate commerce [Sherer]... 139
incorporation, desirability of [Vanderlip]... 291
[Newcomer]... 540
[Knox, A.]... 548
[Murray]... 1391, 1392
[Davison]... 1886, 1887
jurisdiction of comptroller of currency over [Murray]... 1392, 1393
necessity of in finance [Knox, A.]... 549
number of [Cannon]... 216, 378
[Pugsley]... 560
primary purpose of [Hepburn]... 302
public functions accomplished by [Newcomer]... 530
rates of charges on collection of dividend checks [Vanderlip]... 275, 276
rates of discount [Sherer]... 140
rates of interest on deposits [Sherer]... 158, 159
[Cannon]... 218
[Vanderlip]... 275, 278
[Reynolds]... 1651
rates of interest on loans [Sherer]... 158, 159
[Cannon]... 217, 218
[Vanderlip]... 278, 279
rates on purchase and sale of exchange [Cannon]... 218
regulations for admission to membership in, advisability of [Newcomer]. 534, 535
Stock Exchange clearing house [Mabon]... 479–480
supervision and control of, by Government [Vanderlip]... 291, 292
[Hepburn]... 301, 302
[Newcomer]... 532, 535, 539
[Morgan]... 1078–1081

CLEVELAND, CINCINNATI, CHICAGO & ST. LOUIS RAILROAD:
interlocking directorates [Baker]... 1551
Morgan & Co. as fiscal agents for [Morgan]... 1014
[Exhibit No. 142]... 1100–1101
underwriting syndicates [Baker]... 1551, 1552

CLOUD, W. W.:
testimony of... 506–514

COAL:
(*See* Anthracite Coal; Anthracite Coal Railroads.)

COLORADO FUEL & IRON CO.:
acceptance on stock transfers of guaranty of Consolidated Stock Exchange and member thereof [De Aguero]... 775
dealings in stocks of [Scudder, L.]... 688–708
[Exhibits Nos. 100–101]... 1162–1165
interlocking directorates [Scudder, P.]... 991, 998
[Baker]... 1520
[Exhibit No. 197–A]... 1570, 1571

COLUMBIA-KNICKERBOCKER TRUST CO. OF NEW YORK:
data relating to out-of-town correspondents, loans, etc. [Niven].... 953–963, 1199

COLUMBUS & HOCKING VALLEY COAL CO.:
pools in stock of [Popper]... 904–908
[Criss]... 908–913
[Exhibits Nos. 127–129]... 912, 1183–1185

COLUMBUS & HOCKING COAL & IRON CO.:
pools in stock of [Scudder, L.]... 688–708
[Morse]... 708–717
[Exhibit No. 109]... 711–1178
[Exhibits Nos. 90–93]... 1147–1151

ownership of bank shares by 1059
voting power of stockholders 1058
COMMONWEALTH EDISON CO.:
interlocking directorates [Scudder, P.] 989
COMMONWEALTH TRUST CO. OF BOSTON:
interlocking directorates [Winsor] 1996
[Lane] 2003
COMPTOIR NATIONAL D'ESCOMPTE:
interlocking directorates [Davison] 1882, 1883
COMPTROLLER OF CURRENCY:
report as to daily dealings in out-of-town checks by New York banks [Hepburn] 307, 309
testimony of Mr. Murray 1375–1418
CONCENTRATION:
money and credits by financial institutions—
[Reynolds] 1654, 1655, 1657, 1658, 1660
[Perkins] 1629–1635
[Schiff] 1686–1688, 1691–1694
[Davison] 1883–1887, 1959–1967
CONSOLIDATED COAL CO:
underwriting syndicates [Schiff] 1673
CONSOLIDATED GAS CO.:
acceptance on stock transfers of guaranty of Consolidated Stock Exchange and member thereof [De Aguero] 775
control of, by City Bank of New York [Peabody] 1317
[Baker] 1555
dealings in stock of [Scudder, L.] 688–709
[Exhibits Nos. 104, 105] 1170–1173
interlocking directorates [Scudder, P.] 989, 992, 995
[Baker] 1555
[Exhibit No. 197–A] 1570
stock of, held by Mutual Life Insurance Co. [Peabody] 1317
underwriting syndicates [Schiff] 1673–1675
CONSOLIDATED STOCK EXCHANGE:
assets of [De Aguero] 774
list of corporations accepting and refusing guaranty of—
[DeAguero] 767
[Exhibits Nos. 122, 124] 774, 775
loans by banks on [Cannon] 349–350
members, number of [Heim] 762
prohibition by New York Stock Exchange of doing business with—
[Ely] 326–330, 336
[Cannon] 350
[Mabon] 385, 387, 388
[Heim] 756–760
[Exhibits Nos. 112, 113, 115] 759, 762–766
[De Aguero] 766–770
[Exhibits Nos. 116–121] 767–775
[Ober] 776–779
[Deitz] 779–780
[Jarvis] 780–781
[Sturgis] 818–820
restricted market of [Heim] 761
sale of securities by member of, on New York Stock Exchange prohibited by rule of New York Exchange [Mabon] 403
securities listed on New York Stock Exchange listed on Consolidated Exchange [Ely] 329
[Cannon] 350
size and importance of, as compared with New York Stock Exchange [Ely] 322–323
ticker privileges denied to, by New York Stock Exchange [Sturgis] 818–820
CONSOLIDATED TOBACCO CO.:
consolidation with American Tobacco Co. and Continental Tobacco Co.—
[Pomroy] 495–498
[Exhibits Nos. 34–44] 501–504
dominating interest of Thomas F. Ryan in [Pomroy] 497

effect on control of by financial institutions [Hepburn]..... 314, 315
effect on method of financing..... 315
effect as concentrating interests [Morgan]..... 1061–1069
[Baker]..... 1566–1568
CONSORTIUM BANK:
interlocking directorates [Davison]..... 1882, 1883
CONSTANTINE, RICHARD B.:
testimony of..... 1301–1303
CONTENT, HARRY:
testimony of..... 868–879
CONTINENTAL & COMMERCIAL NATIONAL BANK OF CHICAGO:
affiliated institutions [Reynolds]..... 1637–1640, 1655, 1656
balances of in New York City [Cannon]..... 352
capital stock..... 351, 352
[Reynolds]..... 1637, 1638
checking accounts, number..... 1641
deposits in [Cannon]..... 351, 352
[Reynolds]..... 1637, 1638, 1647, 1648
directors, number [Reynolds]..... 1639–1642
interlocking directorates [Scudder, P.]..... 980, 981, 995, 1001
investments [Reynolds]..... 1638, 1639, 1659
liquid assets [Reynolds]..... 1659
list of stockholders of 1,000 shares and over in [Exhibit No. 202]..... 1798
loans to directors or officers [Reynolds]..... 1641, 1642
net profits on capital and surplus..... 1658
out-of-town bank accounts in, number..... 1641
reserve of..... 1658, 1659
surplus and profits..... 1637, 1638
CONTINENTAL & COMMERCIAL TRUST & SAVINGS BANK OF CHICAGO:
interlocking directorates [Scudder, P.]..... 995, 1001
CONTINENTAL INSURANCE CO. OF NEW YORK:
interlocking directorates [Scudder, P.]..... 988, 991, 993, 998, 1000, 1001
CONTINENTAL TOBACCO CO.:
absorption by Consolidated Tobacco Co. [Pomroy]..... 495–498
[Exhibits Nos. 36–44]..... 501–504
CONVERSE, EDWARD C.:
interest in constituent companies of United States Steel Corporation [Davison]..... 1809
voting trusts [Davison]..... 1812–1824
COFFEE:
(*See* Valorization of coffee.)
COTTON BROKERS:
membership in New York Produce Exchange [Mabon]..... 471
COPPER:
(*See also* Amalgamated Copper Co.)
manipulations of price of [Wolfson]..... 717–740
[Exhibits Nos. 101, 111, 112]..... 723, 740, 1179–1182
CORNERS:
(*See also* New York Stock Exchange.)
in copper [Wolfson]..... 717–740
in stocks [Pomroy]..... 499–501
CORN EXCHANGE BANK OF NEW YORK:
balance of deposits of out-of-town correspondents at various times [Frew].. 646
branch banks of..... 577
capital and surplus of out-of-town correspondents..... 643–647
capital stock..... 576, 577
data relating to out-of-town correspondents, loans, etc. [Niven].... 953–963, 1199
interlocking directorates [Scudder, P.]..... 992
merger of other banks with [Frew]..... 576
net deposits..... 576
statement of balances of out-of-town correspondents of [Exhibit No. 68]. 643–645
surplus [Frew]..... 576
surplus account, increase in capital stock credited to..... 577
undivided-profits account carried in surplus account..... 576

consolidation and amalgamation of, effect [Morgan]..... 1061–1069
control of, by minority of stock [Frew]..... 611
cumulative voting [Perkins]..... 1624
[Hine]..... 2048, 2049
domination of, by men with neither stock nor offices in [Morgan]..... 1086
holding companies, propriety of [Davison]..... 1875–1879
issue of pay checks circulating as money [Cannon]..... 344
overthrow of management by stockholders [Davison]..... 1828, 1829
present number of [Davison]..... 1960–1961
representation of minority stockholders [Schiff]..... 1678–1680
[Hine]..... 2048, 2049
stock issues, offer to stockholders [Davison]..... 1977–1978
stock of, held by life insurance companies [Peabody]..... 1313–1321
[Ecker]..... 1323–1335

CORTELYOU, GEORGE B.:
testimony of..... 430–454

CRAMP & SONS:
voting trusts in [Morgan]..... 1044
[Baker]..... 1528, 1529

CREDIT LYONNAIS:
interlocking directorates [Davison]..... 1882, 1883

CREDITS:
control of [Morgan]..... 1047–1055, 1081–1084
[Baker]..... 1566–1568
[Perkins]..... 1629–1635
[Reynolds]..... 1654, 1655, 1657, 1658, 1660
[Schiff]..... 1686–1688, 1691–1694
[Hine]..... 2041, 2042

CRISS, HUGH F.:
testimony of..... 908–913

CUMULATIVE VOTING:
corporations [Perkins]..... 1624
defined [Morgan]..... 1059
desirability of..... 1059
[Hill]..... 1992–1994

CURB MARKET:
board of representatives [McCormack]..... 1297
commissions on transactions on [Keppler]..... 859
constitution; by-laws and regulations..... 861–862
[Exhibit No. 163]..... 1298, 1343–1357
dealings in securities listed on New York Stock Exchange [McCormack]..... 1300
dealings on by members of New York Stock Exchange [Mabon]..... 471–473
[Ober]..... 776
[Sturgis]..... 814–815
[Keppler]..... 858, 859
incorporation [Mabon]..... 473
initiation fees [McCormack]..... 1298
location [Mabon]..... 473–474
[McCormack]..... 1298
membership fees..... 1298
members, number [Mabon]..... 473
[McCormack]..... 1298
negotiations with New York Stock Exchange for permission to do business—
[McCormack]..... 1298–1300
[Exhibits Nos. 164–165]..... 1299–1357
organization of [Ober]..... 778
persons dealing with exchange other than New York Stock Exchange eligible to membership in [Sturgis]..... 815
prohibition of doing business with members of exchange other than New York Stock Exchange [Ober]..... 778
proportion of business done in by stock-exchange members [Ober]..... 778
relations of Mr. Deitz with [Deitz]..... 780
resolution of New York Stock Exchange placing on unlisted list securities dealt in on curb [Mabon]..... 474–478

securities dealt in on New York Stock Exchange or Consolidated Stock Exchange [Ober]..... 778–779
securities dealt in not listed on New York Stock Exchange..... 779
securities listed on New York Stock Exchange dealt in [Sturgis]..... 816–818
[Keppler]..... 859–860
securities listed on New York Stock Exchange not permitted to be listed in [Ober]..... 779
Standard Oil Co. stocks listed only on [Keppler]..... 861
suspension or expulsion of members of New York Stock Exchange for dealings with curb brokers [Mabon]..... 473
voluntary association [McCormack]..... 1298

DALY, MARCUS:
connection with transactions in Amalgamated Copper Co. [Burrage].... 1580–1613
DAVISON, HENRY P.:
interest in organization of United States Steel Corporation [Davison].... 1809, 1810
testimony of..... 1808–1887, 1959–1987
voting trusts [Frew]..... 596–598, 607
[Davison]..... 1812–1824
DAY, WILLIAM A.:
testimony of..... 1321–1332
DE AGUERO, MIGUEL E.:
testimony of..... 766–776
DELAWARE & HUDSON RAILROAD:
interlocking directorates [Scudder, P.]..... 991, 998, 1001
DELAWARE, LACKAWANNA & WESTERN RAILROAD:
interlocking directorates [Scudder, P.]..... 988, 991, 995, 998, 1000, 1001
[Baker]..... 1472, 1476, 1516
[Exhibit No. 197–A]..... 1570, 1571
per cent of anthracite coal shipped over [Baker]..... 1507
DENVER & RIO GRANDE RAILROAD:
acceptance on stock transfers of guaranty of Consolidated Stock Exchange and member thereof [De Aguero]..... 775
interlocking directorates [Scudder, P.]..... 991, 993, 998, 1001
DEPOSITARIES:
Morgan & Co. as depositary of United States Steel Corporation [Morgan]... 1027
DEUTSCHE BANK:
bankers' agreement with Morgan & Co. [Exhibit No. 159]..... 1341–1342
DIAMOND COAL & COKE CO.:
(*See* Amalgamated Copper Co.)
DIETZ, LAWRENCE J.:
testimony of..... 779–780
DIRECTORS:
(*See* Interlocking directorates.)
DISTILLERS' SECURITIES CO.:
acceptance on stock transfers of guaranty of member of Consolidated Stock Exchange without guaranty of exchange [De Aguero]..... 775
DREXEL & CO.:
deposits with by interstate corporations [Morgan]..... 1012
[Exhibit No. 154]..... 1267–1339
partners in [Morgan]..... 1004
same as Morgan & Co. [Scudder, P.]..... 984
[Morgan]..... 1003, 1004

EAST JERSEY WATER CO.:
interlocking directorates [Exhibit No. 197–A]..... 1570, 1571
ECCLES, JAMES H.:
Voting trusts [Davison]..... 1812–1824
ECKER, FREDERICK H.:
testimony of..... 1332–1335
ELLICOTT & CO.:
privilege of engraving certificates of securities listed on New York Stock Exchange refused to [Kendall]..... 904
ELY, GEORGE W.:
testimony of..... 318–338

balances of in certain banks [Exhibits Nos. 136–B, 167]..... 1214, 1360, 1359–1360
chart showing assets of [Scudder, L.]..... 974–975
[Exhibit No. 134]..... 976–1212
control of Mercantile Trust Co. [Frew]..... 603, 604, 610–611
correspondence relating to amount of stock to be taken by Mr. Stillman [Exhibits Nos. 157, 158]..... 1267–1268
deposits in Bankers Trust Co. [Day]..... 1330
deposits in National Bank of Commerce of New York..... 1331
holdings in National Bank of Commerce of New York [Peabody]..... 1314–1316
[Baker]..... 1460–1467
interlocking directorates [Frew]..... 610
[Scudder, P.]..... 988, 991, 993, 998, 1001
[Exhibit No. 197–A]..... 1570
list of securities held by [Exhibit No. 137] and No. 240, p. 2150 1074, 1093–1094
ownership by Morgan & Co..... 610, 611
[Scudder, P.]..... 985
[Morgan]..... 1067–1072, 1074
[Baker]..... 1535–1538
proportionate number of votes of policy holders at annual elections [Day]..... 1321–1323
voting trusts [Morgan]..... 1067–1073
[Exhibit No. 136]..... 1073, 1091–1093

EQUITABLE MORTGAGE & TRUST CO., OF BALTIMORE:
application for clearing house privileges in Baltimore Clearing House—
[Bland]..... 514–519
[Exhibits Nos. 45, 46]..... 518, 519
[Newcomer]..... 525–528
[Wilcox]..... 540–542

EQUITABLE TRUST CO., OF NEW YORK:
absorption of Trust Co. of America [Cortelyou]..... 451
acceptance on stock transfers of guaranty of member of Consolidated Stock Exchange without guaranty of exchange [De Aguero]..... 775
interlocking directorates [Scudder, P.]..... 990, 992, 996, 998
[Schiff]..... 1680–1682

ERIE RAILROAD:
control of output of anthracite coal [Baker]..... 1512
executive committee of..... 1509, 1510
interlocking directorates [Scudder, P.]..... 985, 988, 991, 998, 1000–1002
[Baker]..... 1472, 1475–1477, 1516
[Exhibit No. 197–A]..... 1571
listing of bonds and notes of New York State Exchange [Mabon]..... 426
ownership of certain corporations [Baker]..... 1477–1479, 1510, 1514, 1515
per cent of anthracite coal shipped over [Baker]..... 1507
statistics as to dealings in stocks of [Scudder, L.]..... 688–708
[Exhibits Nos. 77–79]..... 1125–1129
stock of, held by Mutual Life Insurance Co. [Peabody]..... 1318
underwriting syndicates [Baker]..... 1552
voting trusts [Scudder, P.]..... 987, 989
[Morgan]..... 1041–1043

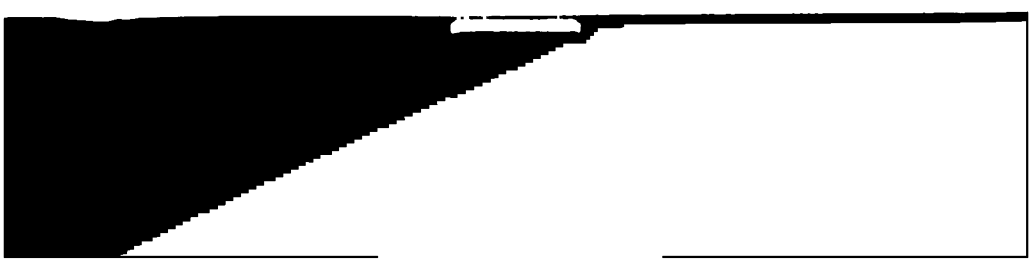
EWER, MAURICE H.:
testimony of..... 963–965

EXCHANGE:
(*See also* New York Clearing House Association; New York Stock Exchange.)
fixing uniform rates of sale of exchange [Jones]..... 255–259
value to New York banking institutions of exchange in favor of interior points [Jones]..... 262, 263
[Vanderlip]..... 280, 281

EXHIBITS:
additional chart showing interlocking directorates [No. 134–B]..... 996
affidavits of Drs. Chappell and Lambert relating to illness of William Rockefeller [No. 166]..... 1301–1358
amount of securities of interstate corporations marketed by Morgan & Co. [No. 156]..... 1341

bank balances of Metropolitan Life Insurance Co. in principal banks for certain years [No. 135–C] 1214
bank balances of Mutual Life Insurance Co. in principal banks for certain years [No. 135–A] 1213
bank balances of New York Life Insurance Co. in principal banks for certain years [No. 135] 1213
bankers' agreement between Morgan & Co. and Deutsche Bank [No. 159] 1341–1342
by-laws of clearing-house department of American Bankers Association [No. 53] 562
certificate for deposit of United States gold certificates [No. 14] 133
certificate for deposit of United States legal-tender notes [No. 15] 133
certificate for United States gold coin [No. 17] 133
certificate for United States silver certificates [No. 16] 133
certificate of incorporation of First Security Co. [No. 196] 1423, 1485–1487
chart showing assets of certain life insurance companies of New York [No. 134] 976, 1212
chart showing interlocking directorates [No. 134–A] 996
circulars issued to superintendents of Metropolitan Life Insurance Co. relating to annual elections [No. 168] 1339, 1360
constitution of Baltimore Clearing House [No. 47] 539
constitution of Chicago Clearing House Association [Nos. 71–73] .. 687, 1103–1119
constitution of New York Curb Association [No. 163] 1298, 1343–1357
constitution of Salt Lake City Clearing House [Nos. 51, 148] 551, 567–573, 1221, 1255–1261
constitution of Pittsburgh Clearing House [No. 48] 543
constitution of New York Stock Exchange [No. 25] 326
contract for issue and sale of Sao Paulo bonds [No. 2] 15–17, 66–73, 73–86
copy of amended bill of complaint in suit against Pittsburgh Clearing House to restrain enforcement of resolutions regulating deferred interest [No. 49]. 548
copy of letter to Oriental Bank and others requiring retirement of loan certificates [No. 21] 194
correspondence of Consolidated Stock Exchange with United States Steel Co. as to transfer facilities in stock of Steel Co. [Nos. 116–121] 768–772
correspondence of New York Curb Association with New York Stock Exchange relating to permission to do business [Nos. 164, 165] 1299–1357
correspondence relating to amount of stock in Equitable Life Insurance Co. to be taken by Mr. Stillman [No. 157] 1267, 1268
correspondence relating to data requested from Treasury Department, etc. [Nos. 169–192] 1361–1375
correspondence relating to fiscal agencies of Morgan & Co. [Nos. 141, 142]. 1096–1101
correspondence relating to marketing of New York City bonds [No. 234]... 2126
correspondence relating to prohibition by Salt Lake City Clearing House Association of members from soliciting business from customers of other members [No. 145] 1218
correspondence relating to service of subpœna on William Rockefeller [No. 134–C] 974, 1008, 1010
correspondence relating to voting trusts in California Petroleum Co. [Nos. 149–153] 1253, 1255, 1261–1266
data as to certain members of New York Clearing House Association [No. 133] 963, 1192–1211
data from First National Bank of Chicago [No. 230] 2020, 2088–2096
data from Harvey Fiske & Sons [No. 233] 2020, 2124, 2125
data from Illinois Trust & Savings Bank [No. 231] 2020, 2096–2104
data from National City Bank of New York [No. 232] 2020, 2104–2124
documents relating to voting trusts in Equitable Life Assurance Society [No. 136] 1073, 1091–1093
extract of minutes of New York Stock Exchange relating to charges and specifications against Messrs. Chapin and Counties [No. 30] 397, 398
form of application for listing securities on official list of New York Stock Exchange [No. 24] 324, 338–342
form for buying and selling stocks [Nos. 200, 201–A] 1785, 1786, 1887
interlocking directorates, list of held by Lee, Higginson Co. [Nos. 217, 218] 1800, 1947, 1948

Equitable Life Assurance Society — 2150



letter of Alexander & Co. declining to do business with Mr. Heim on account of membership in Consolidated Stock Exchange [No. 114]..... 761
letter of Beer & Owens declining to do business with Mr. Ober [No. 125]... 777
letter of Kuhn, Loeb & Co. withdrawing account of Mr. Heim [No. 113]... 759
letter of Mr. Heim accepting inactive membership in New York Stock Exchange [No. 112]..... 759
letter relating to participation or allotment of stock in California Petroleum Co. [No. 132]..... 933, 969
letters relating to application of Equitable Mortgage & Trust Co. of Baltimore for clearance privileges in Baltimore clearing house [Nos. 45, 46]. 518, 519
letters relating to stocks of American Tobacco Co. and Continental Tobacco Co. [Nos. 36–44]..... 501–504
letter to Deputy Comptroller of Currency asking for list of stockholders of Bank of North America and reply thereto [Nos. 32–33]..... 460–461
list of banks making loans October 24, 1907 [No. 34]..... 457, 486
list of banks to whom money was loaned October 24, 1907 [No. 31]..... 456
list of corporations accepting guaranty of Consolidated Stock Exchange and member thereof on stock transfers [No. 123]..... 775
list of corporations accepting guaranty of member of Consolidated Stock Exchange without guaranty of exchange on stock transfer [No. 124]..... 775
list of corporations in which First National Bank of New York holds directorship [No. 197–A]..... 1543, 1569–1571
list of corporations in which officers of First National Bank of New York are directors [No. 197]..... 1491, 1568, 1569
list of deposits made by United States Treasury with national banks in New York City, Oct. 22–30, 1907 [No. 35]..... 485–487
list of members of clearing-house department of American Bankers' Association [No. 52]..... 561
list of members of New York Clearing House Association—
[No. 12]..... 113
[No. 228]..... 1961, 2050, 2051
list of listed securities on New York Stock Exchange [No. 26]..... 336
list of national banks with affiliated State banks or security companies [No. 193]..... 1406
list of nonmember banks having clearing privileges at New York Clearing House through members [Nos. 13, 19]..... 118, 147–148
list of nonmembers of New York Clearing House Associaton [No. 228]..... 1961, 2050, 2051
list of requirements for listing securities on New York Stock Exchange [No. 30½]..... 413–425
list of securities held by certain life insurance companies [Nos. 137–140].. 1074, 1093–1096
list of securities held by National City Bank of New York [No. 227]..... 1958, 2049, 2050
list of stockholders of American Bank Note Co., also members of New York Stock Exchange [No. 126]..... 900, 927, 928
list of stockholders of Illinois Trust & Savings Bank of Chicago [No. 231].. 2097
list of stockholders of 1,000 shares and over in certain banks [Nos. 201½–212]. 1798, 1888–1894
list of values, etc., of coffee issued by New York Coffee Exchange [No. 1].. 9–66
list of underwriting syndicates participated in by Kidder, Peabody & Co. [No. 229]..... 1995, 2051–2088
lists of underwriting syndicates by Morgan & Co. [Nos. 235, 236]..... 2127–2140
loan certificate [No. 18]..... 133, 134
memoranda and letters relating to refusal of National Copper Bank of Salt Lake City to become member of Salt Lake City Clearing House [No. 50]. 551, 563–566
names of interstate corporations having deposits with Morgan & Co., on whose boards firm is represented [No. 155]..... 1340–1341
opinion of Supreme Court of New York in suit by Mr. Heim for injunction against New York Stock Exchange [No. 115]..... 762–766
original and amended charters of National Citizens' League [Nos. 9, 10]... 97
pool agreement in stock of Columbus & Hocking Coal & Iron Co. [No. 109]. 711–1178

Morgan, J. P. 2149

quotations of coffee prices for 1900–1912 [Nos. 3–7]..... 36
reply of National Copper Bank of Salt Lake City to resolution of Salt Lake City Clearing House Association prohibiting members from soliciting business from customers of other members [No. 144]..... 1217–1218
report of committee on inland exchange to clearing-house committee of New York Clearing House Association as to income from and cost of collection of out-of-town checks [No. 69]..... 670, 821–823
report of Hughes committee investigating New York Stock Exchange [No. 27]..... 321
resolution of Consolidated Stock Exchange authorizing secretary to guarantee genuineness of signatures to transfer of stock [No. 122]..... 774
resolutions of Salt Lake City Clearing House prohibiting members from soliciting business from customers of other members [No. 143]..... 1217
rule of Salt Lake City Clearing House Association prohibiting payment of interest on checking accounts [No. 146]..... 1219
schedule of assets of Illinois Trust & Savings Bank of Chicago [No. 231].... 2097
schedule of underwriting syndicates of Illinois Trust & Savings Bank of Chicago [No. 231]..... 2098–2102
statement of accounts of Lewisohn Bros. as to transactions in stock of California Petroleum Co. [No. 132½]..... 951, 1186–1191
statement of balance of copper, silver, and gold [No. 112]..... 740–1182
statement of balances of deposits of First National Bank of New York [No. 198]..... 1494, 1571, 1572
statement of balances of out-of-town correspondents of Corn Exchange Bank [No. 68]..... 643–645
statement of capital, net profits, and dividends of First National Bank of New York [No. 194]..... 1420, 1479, 1480
statement of capital, net profits, and dividends of Illinois Trust & Savings Bank of Chicago [No. 231]..... 2097
statement of collateral loans made by Corn Exchange Bank during 1908–1912 [No. 67]..... 639
statement of condition of Oriental Bank on Jan. 30, 1908, and Mar. 30, 1912 [No. 23]..... 272, 273
statement of joint account transactions in issue of securities by Kuhn, Loeb & Co. with City Bank of New York, etc. [No. 200].. 1689, 1690, 1695–1775
statement of sales of copper made by United Metals Selling Co. May 6, 1906, Apr. 30, 1908 [No. 110]..... 723–1179
statement of total cash advances to mining companies [No. 111].. 740, 1180–1181
statements of Roberts, Hall & Cries as to dealings in stock of Columbus & Hocking Valley Coal Co. [Nos. 127–129]..... 912, 1183–1185
subpœna from House of Representatives to Frederick Lewisohn [No. 130] [Lewisohn]..... 928
statistics of dealings in stock of certain corporations [Nos. 74–108] 1120–1178
table of balance of Morgan & Co. in various banks [Nos. 219, 220].. 1803, 1948, 1949
table of balances of New York Life Insurance Co., etc., in various banks [No. 167]..... 1305–1359–1360
total amount of deposits with Morgan & Co. and Drexel & Co. [No. 154]. 1267–1339
underwriting syndicates [Nos. 131, 160–162, 195, 199, 213]..... 933, 965–968, 1279, 1342, 1343, 1422, 1481–1485, 1514, 1572, 1573, 1799, 1895–1897
underwriting syndicates, list of made by Morgan & Co. [Nos. 235, 236].... 1857
voting trust agreements [Nos. 54–56, 214, 221–223]..... 607, 656, 667, 1799, 1827, 1897, 1898, 1949–1954
voting trust agreement in Southern Railway, letter relating to extension of [Nos. 224–226]..... 1835, 1836, 1955
volumes of transactions and supplementary list furnished by Lee, Higginson Co. [Nos. 215, 216]..... 1800, 1898–1946

EXPRESS COMPANIES:
(*See also* the specific titles.)
interlocking directorates [Scudder, P.]..... 981–1003

FARMERS LOAN & TRUST CO.:
interlocking directorates [Scudder, P.]..... 988, 990, 995, 998, 999, 1001
[Baker]..... 1447
[Exhibit No. 197–A]..... 1571
personal holdings of Mr. Baker in [Baker]..... 1460

ties [Mabon] 385
FEDERAL TRUST CO. OF NEWARK:
stock of, held by Metropolitan Life Insurance Co. [Ecker] 1333
FEDER, J. F.:
testimony of 943–952
FIDELITY BANK OF NEW YORK:
interlocking directorates [Schiff] 1680
FIDELITY & CASUALTY INSURANCE CO.:
interlocking directorates [Scudder, P.] 984, 991, 993, 1001
FIDELITY PHOENIX FIRE INSURANCE CO. OF NEW YORK:
directorship of First National Bank of New York in [Exhibit No. 197–A] .. 1570
FIELD, GEORGE A.:
testimony of 884–894
FIFTH AVENUE BANK OF NEW YORK:
data relating to out-of-town correspondents, loans, etc. [Niven] 953–963, 1200
stockholders in and control of [Cannon] 213
FIFTH AVENUE TRUST CO. OF NEW YORK:
merger with Guaranty Trust Co. [Baker] 1560
FIFTH NATIONAL BANK OF NEW YORK:
data relating to out-of-town correspondents, loans, etc. [Niven] 953–963, 1200
FINANCIAL INSTITUTIONS:
consolidation of industrial corporations, effect on method of financing [Hepburn] 315
control of boards of directors [Davison] 1972–1974
cumulative voting [Baker] 1518
[Hill] 1992–1994
[Hine] 2048, 2049
data relating to assets of, refusal to furnish [Murray] 1376–1380
directors, advisability of small boards [Perkins] 1628, 1629
[Schiff] 1686
examination by bank examiners, thoroughness of 1690–1691
fiscal agencies for interstate corporations [Hepburn] 313–316
Government regulation of [Schiff] 1683, 1684
holding companies, advisability of 1691–1694
interlocking directorates [Scudder, P.] 981–1003
[Morgan] 1047–1057
[Exhibit No. 200] 1765
[Davison] 1963–1970
[Hine] 2020, 2021
management [Hine] 2040, 2041
management and control of, by few persons [Hepburn] 310
monopolies in [Davison] 1881–1885
participation of officers in underwriting syndicates [Winsor] 2000–2002
present number of [Davison] 1960–1961
publicity of assets, advisability of [Baker] 1495, 1496
[Schiff] 1690
[Davison] 1872, 1873
publicity of list of stockholders 1872–1874
representation of minority stockholders [Baker] 1518
[Perkins] 1622–1624
[Reynolds] 1653
[Schiff] 1678–1680
[Davison] 1972, 1973
[Hill] 1990–1993
[Hine] 2048, 2049
reserves [Davison] 1985
secrecy of assets [Hine] 2039, 2040
underwriting syndicates [Henry] 1271–1277
[Schiff] 1672, 1673, 1675–1678
[Davison] 1864, 1865
[Hine] 2030–2047
voting power of share holders [Davison] 1971, 1972

FIRST NATIONAL BANK OF CHICAGO:
data relating to [Exhibit No. 230] ... 2020, 2088–2096
interlocking directorates [Scudder, P.] ... 988, 999
[Hill] ... 1987, 1988
list of stockholders of 1,000 shares and over in [Exhibits Nos. 207, 209] ... 1799
participation in large transactions during past decade [Baker] ... 1540, 1541
underwriting syndicates [Morgan] ... 1032
[Davison] ... 1849–1853
FIRST NATIONAL BANK OF GROTON, N. Y.:
interlocking directorates [Exhibit No. 197-A] ... 1570
FIRST NATIONAL BANK OF NEW YORK:
assets, refusal to disclose [Baker] ... 1441–1446
bankers for Great Northern Railway [Davison] ... 1865
bond account, profits in ... 1534
bond dealings of [Davison] ... 1856
[Hine] ... 2029, 2030
bond department of [Baker] ... 1519
capital, net profits and dividends [Sherer] ... 160
[Baker] ... 1420–1422, 1533–1535
[Exhibit No. 194] ... 1420, 1479, 1480
charged off assets [Baker] ... 1426, 1427
control of, by George F. Baker [Peabody] ... 1317
[Baker] ... 1436, 1437
control of Chase National Bank ... 1425–1428, 1437, 1438
data relating to out-of-town correspondents, loans, etc. [Niven] ... 953–963, 1201
deposit of money in, by United States Government during panic of 1907—
[Cortelyou] ... 440, 442
deposits [Baker] ... 1495, 1520
[Exhibit No. 198] ... 1494, 1571, 1572
[Hine] ... 2029
executive list [Davison] ... 1812
holdings in Southern Railway [Baker] ... 1524
interest in National Bank of Commerce of New York [Davison] ... 1868
interest of Morgan & Co. in [Frew] ... 653
[Schiff] ... 1687
interlocking directorates [Frew] ... 597–598
[Scudder, P.] ... 980–981, 984, 988–990, 992, 997–999, 1001, 1002
[Morgan] ... 1040
[Baker] ... 1431, 1446, 1447, 1450, 1457, 1529, 1543, 1559
[Exhibit No. 197] ... 1490, 1568, 1569
[Exhibit No. 197-A] ... 1543, 1569–1571
[Davison] ... 1812
[Hill] ... 1987
[Hine] ... 2020, 2021
joint account issue of securities with City Bank of New York [Schiff] ... 1687–1688
joint account issue of securities with Morgan & Co ... 1687
list of stockholders of 1,000 shares and over [Exhibit No. 212] ... 1799
loanable funds [Hine] ... 2029, 2030
loans on stock exchange [Frew] ... 649, 650
[Griesel] ... 745, 750, 751
[Baker] ... 1501–1504, 1520
organization of First Security Co. [Morgan] ... 1035, 1036, 1074–1078
[Baker] ... 1422–1424, 1427, 1428, 1430–1435, 1481–1487, 1491, 1492, 1496–1498
ownership of Chase National Bank of New York [Davison] ... 1870
participation in large transactions during past decade ... 1540–1541
report to Comptroller of Currency of assets ... 1424
reserve [Baker] ... 1520
[Hine] ... 2029
securities held by, amount ... 1519
stocks of, held by Mutual Life Insurance Co. [Peabody] ... 1316, 1320
suspense account [Baker] ... 1426, 1427, 1532, 1533

[Exhibit No. 213] 1799
[Davison] 1829–1831, 1849–1853, 1857–1859, 1865, 1868, 1874, 1875
[Winsor] 1998–2002
[Lane] 2004–2011
[Hine] 2030–2047
voting trusts [Scudder, P.] 989
[Baker] 1431, 1453–1457
[Schiff] 1687
[Exhibit No. 214] 1799
FIRST NATIONAL BANK OF PARK CITY, UTAH:
dealings with Salt Lake City Clearing House Association [Knox] 1237–1240
[Armstrong] .. 1224–1226
FIRST NATIONAL BANK OF ST. PAUL:
consolidation with Second National Bank [Hill] 1990
directorship of Mr. Hill in [Hill] 1990
FIRST SECURITY CO OF NEW YORK:
conduct with First National Bank of New York [Hine] 2043, 2044
control of Chase National Bank of New York [Baker] 1498, 1499
dividends 1433
holdings in anthracite coal railroads 1504–1510
interlocking directorates [Baker] 1431
[Exhibit No. 197–A] 1570, 1571
[Davison] 1812
[Hine] 2020, 2021
interests in Northern Pacific Railway and Great Northern Railway [Baker] 1530–1532
organization by First National Bank of New York—
[Morgan] 1035, 1036, 1074–1078
[Baker] 1420–1424, 1427–1435, 1491, 1492, 1497, 1498
[Exhibit Nos. 195, 196] 1422, 1423, 1481–1487
[Hine] 2021–2029
personal holdings of Mr. Baker in [Baker] 1460
sale of securities made through First National Bank of New York 1519
sale of stock of Chase National Bank of New York 1437–1441
securities turned over to by First National Bank of New York 1496, 1497
stock holdings, amount disposed of 1535
surplus of 1433
underwriting syndicates [Baker] 1493, 1494, 1526, 1527
[Exhibit No. 213] 1799
voting trust in [Baker] 1431
FIRST TRUST & SAVINGS CO. OF CHICAGO:
interlocking directorates [Scudder, P.] 988, 999
[Hill] 1988
underwriting syndicates [Lane] 2006
FISCAL AGENTS:
assumption of responsibility for worth of securities marketed by [Morgan] 1021–1024
definition of 1016–1017
exclusive rights to market securities 1019–1024
financial institutions as agents for interstate corporations [Hepburn] 313–316
Morgan & Co. as agents for certain corporations—
[Morgan] 1007, 1008, 1012–1019, 1024
[Exhibit Nos. 141, 142] 1096–1102
[Davison] 1826–1827, 1874
selection of, by voting trustees, objection to [Morgan] 1019–1020
FLORIDA EAST COAST RAILWAY:
underwriting syndicate in [Baker] 1552
FLOWER, R. P.:
connection with transactions in Amalgamated Copper Co. [Burrage] ... 1580–1613
FOREIGN BANKS:
interlocking directorates in [Davison] 1881–1885
FOREIGN EXCHANGE:
dealings of banks in [Jones] 255–258

data relating to out-of-town correspondents, loans, etc. [Niven]..... 988, 989, 1291
interlocking directorates [Scudder, P.]..... 992, 996
[Schiff]..... 1680–1682
[Hill]..... 1987
stockholders in and control of [Cannon]..... 213
FOURTH STREET NATIONAL BANK OF PHILADELPHIA:
interlocking directorates [Scudder, P.]..... 992, 994
FRANKLIN NATIONAL BANK OF PHILADELPHIA:
interlocking directorates [Scudder, P.]..... 984, 990, 992
FRANKLIN TRUST CO. OF BROOKLYN:
stock of, held by Metropolitan Life Insurance Co. [Ecker]..... 1333
FREW, WALTER E.:
testimony of..... 575–656, 669–684

GALVESTON, HARRISBURG & SAN ANTONIO RAILWAY:
directorship of Kuhn, Loeb & Co., in [Exhibit No. 200]..... 1695
GARTH, GRANVILLE A.:
voting trust in Bankers Trust Co. [Davison]..... 1812–1824
GENERAL ELECTRIC CO.:
competition with Western Electric Co. [Davison]..... 1874
interlocking directorates [Scudder, P.]..... 986, 988
Morgan & Co. as fiscal agents for [Davison]..... 1874
underwriting syndicate in [Baker]..... 1552, 1553
[Davison]..... 1874, 1875
GENERAL MOTORS CO.:
underwriting syndicate in [Schiff]..... 1689
GERMAN-AMERICAN INSURANCE CO. OF NEW YORK:
interlocking directorates [Scudder, P.]..... 984, 998, 1001
GENEVA, CORNING & SOUTHERN RAILROAD:
interlocking directorates [Exhibit No. 197-A]..... 1571
GOLDMAN, SACHS & CO.:
Loans on New York Stock Exchange [Griesel]..... 745
GIRARD TRUST CO. OF PHILADELPHIA:
interlocking directorates [Scudder, P.]..... 984, 990, 992, 997
GLOBE NATIONAL BANK OF BOSTON:
connection with transactions in Amalgamated Copper Co. [Burrage]... 1580–1613
GOVERNMENT SECURITIES:
regulation of dealings in, on New York Stock Exchange [Mabon]..... 391–392
GREAT NORTHERN ORE CO.:
dealings in securities of, on New York Stock Exchange as unlisted securities [Mabon]..... 385
GREAT NORTHERN RAILWAY:
acceptance on stock transfers of guaranty of Consolidated Stock Exchange and member thereof [De Aguero]..... 775
capital stock, division of [Hill]..... 1993
combination with Northern Pacific [Baker]..... 1530–1532
competition with Northern Pacific..... 1530–1532
control of, by James J. Hill [Hill]..... 1993–1994
First National Bank of New York, bankers for [Davison]..... 1865
interlocking directorates [Scudder, P.]..... 988, 1000
[Hill]..... 1988, 1990
interests of Mr. Baker in [Baker]..... 1530–1532
interests of First Security Co. in..... 1530–1532
interests of J. J. Hill in..... 1530–1532
stockholders' meetings [Hill]..... 1993, 1994
stock owned by Mr. Hill in..... 1988–1990
underwriting syndicate in [Baker]..... 1520, 1529, 1553
[Davison]..... 1865, 1866
GRIER, J. P.:
testimony of..... 879–880
GRIESEL, J. H.:
testimony of..... 742–752

data relating to out-of-town correspondents, loans, etc. [Niven].... 953–963, 1202
deposits in, by corporations issuing securities through Morgan & Co. [Davison]..... 1871, 1872
directors, number of [Davison]..... 1870
interlocking directorates [Scudder, P.]..... 980–981, 984, 988, 990–992, 995, 997–999, 1001, 1002
[Morgan]..... 1041
[Baker]..... 1447, 1450
[Exhibit No. 197–A]..... 1571
[Davison]..... 1810, 1812
merger of other institutions [Morgan]..... 1050–1057
[Baker]..... 1560
[Davison]..... 1814, 1815, 1871
Morgan institution [Frew]..... 607–608
phenomenal rise of..... 609–610
personal holdings of Mr. Baker in [Baker]..... 1460
refusal of guaranty of Consolidated Stock Exchanges [De Aguero]..... 767
underwriting syndicates [Baker]..... 1513, 1514
[Davison]..... 1849–1853, 1860–1863
[Lane]..... 2013–2018
voting trusts [Frew]..... 609–610
[Scudder, P.]..... 986, 989, 992, 994, 999, 1000, 1002, 1003
[Morgan]..... 1039–1040
[Day]..... 1331–1332
[Baker]..... 1447–1457, 1560, 1561
[Schiff]..... 1687
[Davison]..... 1812–1817, 1824, 1826

voting Trust Agreement ——— 2145

HALLGARTEN & Co.:
underwriting syndicates in California Petroleum Co.—
[Henry]..... 1250, 1255, 1268–1297
[Exhibits Nos. 160–162]..... 1279–1343
voting trusts in California Petroleum Co. [Henry]..... 1250–1266, 1268–1297

HAMILTON CO. OF NEW YORK:
engraving of certificates of securities listed on New York Stock Exchange [Kendall]..... 898, 899

HANNA, CHARLES A.:
testimony of..... 457–469

HANOVER NATIONAL BANK OF NEW YORK:
association with Irving Bank [Sherer]..... 126
data relating to out-of-town correspondents, loans, etc. [Niven].... 953–963, 1203
deposit of money in, by United States Government during panic of 1907 [Cortelyou]..... 440
interlocking directorates [Scudder, P.]..... 980–981, 988, 992, 995
list of stockholders of 1,000 shares and over [Exhibit No. 206]..... 1799
loans on New York Stock Exchange [Griesel]..... 745, 750, 751

HARRIMAN NATIONAL BANK:
not clearing through New York Clearing House Association [Frew]..... 624

HARVEY FISKE & SONS:
data from [Exhibit No. 233]..... 2020, 2124, 2125
refusal of guaranty of Consolidated Stock Exchange [De Aguero]..... 767

HAYDEN, STONE & Co.:
underwriting syndicates [Davison]..... 1860

HEIM, MARCUS:
testimony of..... 756–762

HENNESY MERCANTILE Co.:
(*See* Amalgamated Copper Co.)

HENRY, GEORGE:
testimony of..... 1250–1255, 1268–1297

HEPBURN, BARTON A.:
testimony of..... 292–318
voting trust in Bankers' Trust Co. [Davison]..... 1812–1824

interlocking directorates [Baker]..... 1529
[Hill]..... 1987–1990
interests in Great Northern and Northern Pacific [Baker]..... 1530–1532
testimony of..... 1987–1994
HINE, F. S.:
testimony of..... 2020–2049
HOBOKEN, N. J.:
discretionary point as regards collection of out-of-town checks [Cannon]... 375
HOLDING COMPANIES:
advisability of [Schiff]..... 1691–1694
[Davison]..... 1875–1879
Amalgamated Copper Co. as [Wolfson]..... 719
Anaconda Copper Co. as..... 719
distinguished from affiliated institutions [Reynolds]..... 1655, 1656
United Metals Selling Co. as [Wolfson]..... 718–740
HOME LIFE INSURANCE CO., OF NEW YORK:
interlocking directorates [Scudder, P.]..... 991, 998, 1001
[Exhibit No. 197–a]..... 1570
HOUSE RESOLUTIONS:
relating to and authorizing investigations [Exhibits Nos. 429, 504]..... 3–6
HOWARD NATIONAL BANK OF BURLINGTON:
stock of, held by Metropolitan Life Insurance Co. [Ecker]..... 1333
HUDSON RIVER BANK:
merger of, with Corn Exchange Bank [Frew]..... 576
HUDSON TUNNEL CO.:
underwriting syndicate in [Schiff]..... 1669, 1670
HUGHES COMMITTEE:
investigation of New York Stock Exchange [Ely]..... 319–322
[Mabon]..... 363–365
[Sturgis]..... 789–792, 825
[Keppler]..... 853, 854
— Report — 2184
ILLINOIS CENTRAL RAILROAD:
interlocking directorates [Scudder, P.]..... 991, 995, 998, 1001
stock of, held by Equitable Life Assurance Society [Day]..... 1329
underwriting syndicates [Schiff]..... 1689
ILLINOIS STEEL CO.:
underwriting syndicate in [Davison]..... 1842–1847
[Lane]..... 2012
ILLINOIS TRUST & SAVINGS BANK OF CHICAGO:
data relating to [Exhibit No. 231]..... 2020, 2096–2104
interlocking directorates [Scudder, P.]..... 980–981, 988, 992, 997, 999
[Baker]..... 1559
[Hill]..... 1988
list of stockholders [Exhibit No. 231]..... 2097
participation in large transactions during past decade [Baker]..... 1540, 1541
schedule of assets [Exhibit No. 231]..... 2097
statement of capital, net profits, and dividends [Exhibit No. 231]..... 2097
underwriting syndicates [Morgan]..... 1032
[Davison]..... 1849–1853, 1857, 1858, 1875
[Exhibit No. 231]..... 2098–2102
IMPORTERS & TRADERS NATIONAL BANK OF NEW YORK:
data relating to out-of-town correspondents, loans, etc. [Niven].... 953–963, 1203
INDIANA STEEL CO.:
underwriting syndicates [Davison]..... 1848, 1849
[Lane]..... 2012
INDUSTRIAL CORPORATIONS:
(*See* Interlocking directorates.)
(*See also* the specific titles.)
financial institutions as fiscal agents for [Hepburn]..... 313–315
financing of competing company by bank running other company under voting trust, effect on competition [Baker]..... 1563
overthrow of management by stockholders [Davison]..... 1828, 1829

INSURANCE COMPANIES:
(*See also* the titles of the particular companies.)
chart showing assets of certain life insurance companies and explanations thereof [Scudder, L.] ... 974–978, 1212
interlocking directorates in [Scudder, P.] ... 981–1003
sale of bonds to, by Kuhn, Loeb & Co. [Kuhn, Loeb & Co.] ... 1697
[Exhibit No. 200] ... 1765–1768
underwriting syndicates [Morgan] ... 1031
[Schiff] ... 1672
INTERBOROUGH METROPOLITAN CO.:
interlocking directorates [Scudder, P.] ... 992
voting trusts [Scudder, P.] ... 992, 999
INTERBOROUGH RAPID TRANSIT CO.:
interlocking directorates [Scudder, P.] ... 989
underwriting syndicates [Baker] ... 1553–1555
INTERCONTINENTAL RUBBER CO.:
interlocking directorates [Scudder, P.] ... 991, 995, 998
voting trusts [Scudder, P.] ... 992, 994, 999, 1002
INTEREST:
(*See* New York Clearing House Association.)
payment of, on deposit.
INTERLOCKING DIRECTORATES:
(for directorates in and by various corporations, *see* the specific titles.)
aggregate assets, resources, deposits, and capitalization of institutions involved in [Scudder, P.] ... 984
+ charts showing directorates of 18 financial institutions in 152 banks, trust companies, etc., and explanation [Scudder] ... 980–1003
[Exhibits Nos. 134–A, 134–B] ...
concentration and control of corporations by [Morgan] ... 1047–1057
effect of, as stifling competition between banks [Sherer] ... 161–162
knowledge of comptroller of currency as to [Murray] ... 1405
prohibited in England [Morgan] ... 1060
propriety of [Reynolds] ... 1655
[Schiff] ... 1684, 1686
[Davison] ... 1881–1885, 1963–1970
INTERNATIONAL AGRICULTURAL & CHEMICAL CO.:
competitors of American Agricultural & Chemical Co. [Davison] ... 1866
Morgan & Co., as bankers for ... 1866
INTERNATIONAL AGRICULTURAL CORPORATION:
interlocking directorates [Scudder, P.] ... 986, 988, 991, 993, 998, 1000, 1001
voting trusts [Scudder, P.] ... 987, 989, 992, 994, 1002
[Morgan] ... 1042–1044
INTERNATIONAL HARVESTER CO.:
consolidation of, as giving control to financial institutions [Hepburn] ... 314, 315
interlocking directorates [Scudder, P.] ... 986, 988, 991, 995, 998, 1000–1002
[Perkins] ... 1625
organization of, by Mr. Perkins [Perkins] ... 1617, 1618
underwriting syndicate [Baker] ... 1555, 1556
voting trust [Scudder, P.] ... 987, 990
[Morgan] ... 1042, 1044
INTERNATIONAL MERCANTILE MARINE CO.:
interlocking directorates [Scudder, P.] ... 985, 995, 998, 1000
voting trusts [Scudder, P.] ... 987, 990
[Morgan] ... 1042
INTERNATIONAL NICKEL CO.:
interlocking directorates [Scudder, P.] ... 991, 993, 1000
voting trusts [Scudder, P.] ... 992, 994, 1002
INTERNATIONAL PAPER CO.:
interlocking directorates [Scudder, P.] ... 991, 993, 998, 1000, 1001
INTERNATIONAL TRACTION CO.:
interlocking directorates [Scudder, P.] ... 992, 993
relations with Morgan & Co. ... 1051

+ Published separately & bound in this

amount of convertible securities kept by Morgan & Co. as compared with deposits of [Davison] ... 1985
California Petroleum Co. not engaged in [Lewisohn] ... 941–943
clearing-house associations as important factor in [Sherer] ... 139
consolidation of corporations engaged in, effect on method of financing [Hepburn] ... 315
deposits by corporations engaged in, with Continental & Commercial National Bank of Chicago [Reynolds] ... 1641
deposits by corporations engaged in, with First National Bank of New York [Baker] ... 1495
deposits by corporations engaged in, with private bankers —
[Morgan] ... 1005–1007, 1011, 1012
[Exhibit No. 155] ... 1340–1341
[Schiff] ... 1693–1694
[Exhibit No. 200] ... 1695
fiscal agencies for corporations engaged in [Hepburn] ... 313–316
[Morgan] ... 1007, 1008, 1012–1019
freedom of corporations doing interstate business to issue securities in open market [Morgan] ... 1019–1024
holdings of First Security Co. in anthracite coal railroads [Baker] ... 1504–1510
listing securities of corporations engaged in, on New York Stock Exchange—
[Ely] ... 324–325
[Mabon] ... 429
[Kendall] ... 899, 904
overthrow of management by stockholders of corporations engaged in—
[Davison] ... 1828, 1829
public functions of New York Stock Exchange in [Ely] ... 331, 332
regulation of collection of out-of-town checks by clearing house associations as regulation of [Sherer] ... 140
representation of minority stockholders of corporations engaged in [Baker] ... 1519
sale of bonds of, by competitive bidding [Davison] ... 1978–1980
securities purchased from corporations engaged in [Exhibit No. 156] ... 1341
[Exhibit No. 200] ... 1695, 1697, 1698, 1757–1765, 1769

IRVING NATIONAL EXCHANGE BANK:
absorption of Mercantile Bank [Sherer] ... 126
association with Hanover National Bank ... 126
consolidation of, with New York National Exchange banks ... 126

JARVIS, R. M.:
testimony of ... 780–781
JERSEY CITY:
discretionary point as regards collection of out-of-town checks [Cannon] ... 375
JERSEY CITY CLEARING HOUSE ASSOCIATION:
collection of out-of-town checks, no charges [Frew] ... 620
JERSEY CITY WATER SUPPLY CO.:
interlocking directorates [Exhibit No. 197–A] ... 1570, 1571
JOINT-ACCOUNT TRANSACTIONS:
(*See* Underwriting syndicates.)
JOINT DIRECTORATES:
(*See* Interlocking Directorates; *see also* the titles of the specific corporations.)
JONES & LAUGHLIN STEEL CO.:
underwriting syndicates [Lane] ... 2006
JONES, RICHARD W., JR.:
testimony of ... 235–245
JOYCE, THOMAS W.:
testimony of ... 1803–1808

KANE, T. P.:
letter of, relating to certain banks [Winsor] ... 1958
KANSAS CITY RAILWAY TERMINAL CO.:
underwriting syndicates [Davison] ... 1857, 1858
[Lane] ... 2005

[Criss]..... 905–908, 911
manner of keeping account of, with New York Stock Exchange brokers—
[Popper]..... 905
KENDALL, GEORGE H.:
testimony of..... 895–904
KEOKUK & DES MOINES RAILWAY:
interlocking directorates [Exhibit No. 197–A]..... 1570
KEPPLER, RUDOLPH:
testimony of..... 852–863
KIDDER, PEABODY & CO.:
interlocking directorates [Scudder, P.]..... 980–981
[Winsor]..... 1995–1998
international banks..... 1995
partners in..... 1995, 1996
participation in large transactions during past decade [Baker]..... 1540, 1541
underwriting syndicates [Morgan]..... 1032, 1034
[Baker]..... 1548, 1549, 1559
[Schiff]..... 1664
[Davison]..... 1849–1853, 1858–1863, 1868, 1985, 1986
[Winsor]..... 1998–2002
[Exhibit No. 229]..... 1995, 2051–2088
KISSEL, KINNICUT & CO.:
underwriting syndicates [Schiff]..... 1667
[Davison]..... 1842–1849
[Lane]..... 2006, 2010, 2011, 2013–2018
KNICKERBOCKER TRUST CO.:
withdrawal of clearing-house privileges from [Frew]..... 631–633
KNOX, ALFRED C.:
testimony of..... 542–552
KNOX, FRANK:
testimony of..... 1235–1244
KUHN, LOEB & CO.:
fiscal agencies, none [Exhibit No. 200]..... 1695
general banking business done by [Schiff]..... 1661
interest in National Bank of Commerce of New York [Davison]..... 1866
interlocking directorates [Scudder, P.]..... 980–981, 996
[Schiff]..... 1680, 1681
[Exhibit No. 200]..... 1698, 1699, 1765
list of stocks in banks and trust companies held by [Exhibit No. 200].. 1696
loans on New York Stock Exchange [Griesel]..... 745
participation in large transactions during past decade [Baker]..... 1540, 1541
sale of bonds by, to life insurance companies[Exhibit No. 200]..... 1697
underwriting syndicates [Baker]..... 1549–1551
[Schiff]..... 1661, 1664, 1669, 1670, 1688, 1689
[Exhibit No. 200]..... 1689, 1690, 1695–1775
[Davison]..... 1849–1853, 1858, 1859, 1861
voting trusts [Exhibit No. 200]..... 1769–1772
written answers to questions to [Exhibit No. 200]..... 1695–1775

LACKAWANNA STEEL CO.:
interlocking directorates [Scudder, P.]..... 988, 991, 995, 998
LAKE ERIE & WESTERN RAILROAD:
interlocking directorates [Exhibit No. 197–A]..... 1571
LAKE SHORE & MICHIGAN SOUTHERN RAILROAD:
control of, by New York Central [Baker]..... 1556
interlocking directorates [Exhibit No. 197–A]..... 1571
Morgan & Co. as fiscal agents for [Morgan]..... 1014
[Exhibit No. 142]..... 1099–1101
stock of held by Metropolitan Life Insurance Co. [Ecker]..... 1334
underwriting syndicates [Baker]..... 1556, 1557
LANE, G. M.:
testimony of..... 2003–2020
LANIER, CHARLES:
voting trust [Davison]..... 1826–1827, 1829

connection with Amalgamated Copper Co. [Burrage]..... 1580–1613
LAWYERS TITLE INSURANCE & TRUST CO. OF NEW YORK:
date relating to out-of-town correspondents, loans, etc. [Niven].... 953–963, 1204
LEE, HIGGINSON & CO.:
interlocking directorates [Scudder, P.]..... 980–981
[Exhibit No. 217½]..... 1800
[Exhibit No. 218]..... 1800
[Lane]..... 2003
members of firm..... 2003
participation in large transactions during past decade [Baker]..... 1540, 1541
underwriting syndicates [Morgan]..... 1032, 1034
[Baker]..... 1549, 1552, 1553
[Schiff]..... 1689
[Davison]..... 1842–1853, 1857, 1858, 1860–1863, 1869, 1870, 1874, 1875, 1985, 1986
[Winsor]..... 1998–2002
[Lane]..... 2004–2018
volumes of transactions and supplemental list [Exhibits Nos. 215, 216, 217]. 1800
LEHIGH VALLEY RAILROAD:
directors meetings [Baker]..... 1509
executive committee of..... 1509, 1510
interlocking directorates [Scudder, P.]..... 985, 988, 991, 993, 998, 1000–1002
[Baker]..... 1472, 1476, 1516
[Exhibit No. 197–A]..... 1571
listing of securities on New York Stock Exchange [Baird]..... 883–884
[Alderson]..... 884
per cent of anthracite coal shipped over [Baker]..... 1507
refusal of guaranty of Consolidated Stock Exchange [De Aguero]..... 767
LEHIGH & WILKES-BARRE COAL CO.:
interlocking directorates [Baker]..... 1479
[Exhibit No. 197–A]..... 1571
ownership of, by Central Railroad of New Jersey [Baker]..... 1479, 1510
LEVERING, EUGENE:
testimony of..... 519–522, 539
LEVY, CHARLES E.:
testimony of..... 269–272
LEWISOHN BROS.:
voting trusts [Henry]..... 1250–1266, 1268–1297
[Exhibits Nos. 160–162]..... 1279, 1342, 1343
LEWISOHN, FREDERICK:
testimony of..... 913–926, 932–943
LIBERTY NATIONAL BANK OF NEW YORK:
capital [Davison]..... 1810
data relating to out-of-town correspondents, loans, etc. [Niven].... 953–963, 1204
deposits [Davison]..... 1810
executive committee, members..... 1810
interlocking directorates [Scudder, P.]..... 984, 988, 990, 992, 998, 999, 1001
[Morgan]..... 1041
[Exhibit No. 197–A]..... 1570
[Davison]..... 1810, 1811
[Hine]..... 2020, 2021
personal holdings of Mr. Baker in [Baker]..... 1460
surplus and undivided profits [Davison]..... 1810
LIBERTY TRUST CO.:
underwriting syndicates [Davison]..... 1849–1853
LIFE INSURANCE COMPANIES:
(*See also* the specific titles.)
chart showing assets of, and explanation thereof [Scudder, L.]..... 974–978, 1212
control of banks [Ecker]..... 1335
reasons for and against furnishing data relating to [Murray]..... 1377, 1378
sale of bonds to [Kuhn, Loeb & Co.]..... 1697
[Exhibit No. 200]..... 1765–1768
stock holdings by [Peabody]..... 1313–1321
[Ecker]..... 1323–1335

data relating to out-of-town correspondents, loans, etc. [Niven]..... 963–963, 1206
deposit of money by United States Government with, during panic of 1907 [Cortelyou]..... 451
LIQUIDATION:
profit to Metropolitan Trust Co. from liquidation of Oriental Bank, etc., on call of loan certificates issued to, by clearing house association—
[Beekman]..... 267
[Jones]..... 233, 234, 239, 244, 245
LISTER, FREDERICK K.:
testimony of..... 684–687
LOANS:
(*See* New York Clearing House Association; New York Stock Exchange.)
LOGAN, WILLIAM:
voting trust [Davison]..... 1812–1824
LORAIN STEEL CO.:
underwriting syndicates [Lane]..... 2012
LOUISVILLE & NASHVILLE RAILROAD:
acceptance on stock transfers of guaranty of Consolidated Stock Exchange and member thereof [De Aguero]..... 775
interlocking directorates [Scudder, P.]..... 1000
purchase of stock by Morgan & Co. [Davison]..... 1831
transfer to Atlantic Coast Line [Baker]..... 1549, 1550
underwriting syndicates [Baker]..... 1549, 1550, 1557, 1558
McCALL, JOHN C.:
testimony of..... 1305–1310
McCANDLESS, MR.:
testimony of not required..... 559
McCORMACK, MR.:
testimony of..... 1297–1300
McCORMICK, WILLIAM S.:
testimony of..... 1228–1235
McGARRAH, G. W.:
voting trust [Davison]..... 1812–1824
MABON, JAMES B.:
testimony of..... 361–373, 379–411, 413–429, 470–488
MAINE CENTRAL RAILROAD:
fiscal agency of Morgan & Co. for [Exhibit No. 141]..... 1097
underwriting syndicates [Baker]..... 1558
[Lane]..... 2006–2008
MANHATTAN TRUST CO. OF NEW YORK:
absorption by Bankers Trust Co. [Cannon]..... 214, 215
[Frew]..... 602–607, 612
refusal of guaranty of Consolidated Stock Exchange [De Aguero]..... 767
MANIPULATIONS:
(*See also* New York Stock Exchange.)
of stocks of California Petroleum Co. [Lewisohn]..... 933–943
[Feder]..... 944–952
[Exhibit No. 132½]..... 951, 1186–1191
[Henry]..... 1250, 1255, 1268–1297
of stocks of Amalgamated Copper Co. [Wolfson]..... 718–740
of stocks on New York Stock Exchange [Mabon]..... 394, 395, 397–399
[Pomroy]..... 499
[Morse]..... 688–717
[Sturgis]..... 838–852
[Keppler]..... 854–858
[Streit]..... 866–868
[Content]..... 869–879
[Grier]..... 879, 880
[Perkins]..... 1627, 1628
MECHANICS & METALS NATIONAL BANK OF NEW YORK:
data relating to out-of-town correspondents, loans, etc. [Niven]..... 953–963, 1206
interlocking directorates [Scudder, P.]..... 990, 992, 998, 1001
[Davison]..... 1811
list of stockholders of 1,000 shares and over in [Exhibit No. 205]..... 1798

interlocking directorates [Exhibit No. 197-A]..... 1571
MONETARY COMMISSION:
report and proposed bill of, opinion of Mr. Hepburn as to..... 310-313
MONEY:
concentration and control of [Morgan]..... 1081-1084
[Baker]..... 1566-1568
[Perkins]..... 1629-1635
[Schiff]..... 1686-1688, 1691-1694
[Davison]..... 1959-1967
[Hine]..... 2041, 2042
nonavailability of for loans as reducing speculation in stock [Morgan]..... 1090
reasons for attraction to New York City [Murray]..... 1416, 1417
MONEY STRINGENCY:
relief, of October 24, 1907 [Thomas]..... 354-361
MONEY TRUST:
(*See* Money.)
MONOPOLIES:
propriety of [Schiff]..... 1691-1694
[Davison]..... 1875-1879, 1881-1885
[Hine]..... 2048
MONTCLAIR GOLF CLUB:
interlocking directorates [Exhibit No. 197-A]..... 1570
MONTCLAIR WATER CO.:
interlocking directorates [Exhibit No. 197-A]..... 1571
MORSE BANKS:
retirement of loan certificates issued to [Sherer]..... 194-200
MORSE, PERLEY:
testimony of..... 708-717
MORGAN & CO.:
acceptance on stock transfers of guaranty of member of Consolidated Stock Exchange without guaranty of exchange [De Aguero]..... 775
accounts of securities for firm and its clients [Joyce]..... 1803-1808
acquisition of holdings of Mutual Life Insurance Co. and Equitable Life Assurance Society in National Bank of Commerce of New York—
[Baker]..... 1461-1471, 1535-1538
[Exhibits Nos. 157, 158]..... 1267-1268
acquisition of Pennsylvania Coal Co. [Baker]..... 1514, 1515
amount of convertible securities on hand as compared with deposits of interstate corporation [Davison]..... 1985
balances in various banks [Exhibits Nos. 219, 220]..... 1803, 1948, 1949
bankers agreement with Deutsche Bank [Exhibit No. 159]..... 1341-1342
banking business done by [Morgan]..... 1004, 1005
connection with International Traction Co. [Scudder, P.]..... 989
connection with relief of money stringency, October 24, 1907 [Thomas].. 354-361
connection with transactions in Amalgamated Copper Co. [Burrage]... 1580-1613
consolidation of banks by [Baker]..... 1566, 1567
control of Chicago Great Western Railway..... 1523
control of Equitable Life Assurance Society [Frew]..... 607, 608, 616, 611,
[Scudder, P.]..... 985
control of Southern Railway [Baker]..... 1523
depositary of United States Steel Corporation [Morgan]..... 1027
deposits of interstate corporations with..... 1005-1007, 1011
[Exhibit No. 155]..... 1340-1341
[Exhibit No. 156]..... 1341
deposits with [Exhibit No. 154]..... 1267-1339
dominance of power of [Baker]..... 1538-1541
[Davison]..... 1825
financing of subsidiary companies of United States Steel Corporation [Davison]..... 1833-1835
fiscal agencies [Morgan]..... 1007-1008, 1012-1019, 1024
[Exhibit No. 141]..... 1096-1097
[Exhibit No. 142]..... 1098-1101
[Baker]..... 1553
[Davison]..... 1826, 1827, 1865, 1866, 1874

[Schiff]..... 1687,
[Davison]..... 1866, 1870, 1879,
interests in Reading Railroad [Morgan].....
interests in transportation facilities in New York City [Baker]..... 1554,
interlocking directorates [Scudder, P.]..... 980–981, 984–986, 989, 997,
[Morgan]..... 1011, 1012, 1038, 1040,
[Baker]..... 1457, 1475–
[Exhibit No. 197]..... 1490, 1568,
[Exhibit No. 197–A]..... 1543, 1569–
[Davison]..... 1833,
investment of funds of, in bonds [Davison]..... 1984,
joint interests with George F. Baker [Baker]..... 1467–
loans on New York Stock Exchange [Griesel].....
[Davison]..... 1982–
London branch [Morgan]..... 1004,
membership on executive committee of New York Central.....
membership on finance committee of New York Central..... 1013–
names of partners in.....
organization of United States Steel Corporation by..... 1025–
Paris branch..... 1004,
participation in organization of First Security Co. [Baker]..... 1420–
participation in large transactions during past decade..... 1540,
participation in merger of institutions with Guaranty Trust and Bankers Trust Cos. [Davison].....
purchase of stock of Louisville & Nashville Railroad.....
relation of, to the deposit of money by United States Government to relieve stringency during panic of 1907 [Cortelyou]..... 443, 446, 448
reorganization of Philadelphia & Reading Railroad [Baker]..... 1507,
same as Drexel & Co., of Philadelphia [Scudder, P.].....
[Morgan]..... 1003,
securities marketed by [Morgan]..... 1033–
securities owned by constituents of United States Steel Corporation [Joyce]..... 1806–
stock held by, in First National Bank of New York [Baker]..... 1435,
subscription to National Citizens League [Bush].....
underwriting syndicates [Morgan]..... 1028–
[Baker]..... 1513, 1
1521, 1522, 1524–1526, 1529, 1530, 1543–
[Schiff]..... 1664, 1
1667, 1669, 1670, 1687–1689, 1800–
[Davison]..... 1828–1
1842–1853, 1857–1859, 1864, 1867–1870, 1874,
1985, 1986, 1987–1
[Exhibits Nos. 235, 236]..... 1
[Winsor]..... 1998–2
[Lane]..... 2004–2
[Hine]..... 2030–2
[Exhibit Nos. 235, 236]..... 2127–2
voting trusts [Mabon]..... 484,
[Pomroy]..... 490, 491,
[Frew]..... 596–
[Scudder, P.]..... 986, 987, 988, 1
[Morgan]..... 1017–1018, 1
[Baker]..... 1431, 1447–14
1508, 1517, 1518, 1520–1524, 1528, 1529, 1560, 1
[Perkins]..... 1618–1
[Schiff]..... 1
[Davison]..... 1828, 1829, 1836–1
[Exhibit No. 224]..... 1835, 1
MORGAN, J. P.:
testimony of..... 1003–1008, 1011–1
MORGAN-GRENFELL CO.:
underwriting syndicate [Davison]..... 1858, 1

MULLER, SCHALL & CO.:
subscriptions to National Citizens League [Bush]..... 109
MUNICIPAL SECURITIES:
competitive bidding in sale of [Davison]..... 1978–1980
regulation of dealings in, on New York Stock Exchange [Mabon]..... 391–392
MURRAY, LAWRENCE O.:
letter of relating to certain banks [Winsor]..... 1957, 1958
testimony of..... 1361–1418
MUTUAL LIFE INSURANCE CO.:
bank balances of, in principal banks for certain years [Exhibit No. 135–A].. 1213
chart showing assets of [Exhibit No. 134]..... 976, 1212
holdings in Guaranty Trust Co. [Baker]..... 1448, 1449, 1451
[Davison]..... 1812, 1813
holdings in National Bank of Commerce of [Baker]..... 1460–1467
holdings in Southern Railway..... 1524
interlocking directorates [Scudder, P.]..... 984, 988, 991, 993, 995, 998, 1000–1002
Holdings - 2164
[Exhibit No. 197–A]..... 1571
membership of George F. Baker on finance committee of [Baker]..... 1471, 1472

NASHWANNUCK MANUFACTURING CO.:
interlocking directorates [Exhibit No. 197–A]..... 1570
NASSAU COUNTRY CLUB:
interlocking directorates [Exhibit No. 197–A]..... 1570
NATIONAL BANKING ACT:
inadequacy of [Murray]..... 1380, 1381
NATIONAL BANK OF BELGIUM:
voting power of stockholders [Morgan]..... 1058
NATIONAL BANK OF COMMERCE OF BOSTON:
interlocking directorates [Winsor]..... 1996
[Lane]..... 2003
NATIONAL BANK OF COMMERCE OF KANSAS CITY:
stock of, held by Metropolitan Life Insurance Co. [Ecker]..... 1333
NATIONAL BANK OF COMMERCE OF NEW YORK:
bond dealings [Davison]..... 1856
data relating to out-of-town correspondents, loans, etc. [Niven].... 953–963, 1207
deposits of Equitable Life Assurance Society in [Day]..... 1331
directors, number of [Davison]..... 1870
interest of Morgan & Co. in [Morgan]..... 1036–1038
[Davison]..... 1879, 1880
interlocking directorates [Scudder, P.]..... 980–981, 984, 988, 990–992, 995–999, 1000–1002
[Morgan]..... 1038
[Baker]..... 1457
[Davison]..... 1812, 1866
[Exhibit No. 197–A]..... 1570, 1571
[Hine]..... 2020, 2021
list of stockholders of 1,000 shares and over in [Exhibit No. 203]..... 1798
personal holdings of Mr. Baker in [Baker]..... 1460
stocks of, held by insurance companies [Peabody]..... 1314–1316
[Day]..... 1324–1327, 1329
[Baker]..... 1460–1467
underwriting syndicates [Morgan]..... 1038
[Davison]..... 1849–1853
voting trusts [Scudder, P.]..... 999
NATIONAL BANK OF NORTH AMERICA:
retirement of loan certificates by notice from Clearing House Association—
[Sherer]..... 194–200
[Hanna]..... 463–464
NATIONAL BANKS:
(*See* Interlocking directorates; New York Clearing House Association; New York Stock Exchange; Underwriting syndicates; Voting trusts.)
(*See, also,* the specific titles.)

purpose of organization [Laughlin]..... 97, 100
reasons for banking institutions not being connected with [Bush]..... 107
relation of Bush Terminal Co. to..... 107
statement of disbursements of [Exhibit No. 11]..... 106
subscriptions to [Laughlin]..... 98, 99, 101–104, 106, 108–111
supervision of raising of funds for [Bush]..... 107
support of by Bankers' Association [Bush]..... 107
NATIONAL CITY BANK OF NEW YORK:
acceptance on stock transfers of guaranty of Consolidated Stock Exchange and member thereof [De Aguero]..... 775
bond dealings of [Davison]..... 1856
control of Consolidated Gas Co. [Peabody]..... 1317
[Baker]..... 1555
data relating to [Exhibit No. 232]..... 2020, 2104–2124
data relating to out-of-town correspondents, loans, etc. [Niven]..... 953–963, 1208
deposit of money in by United States Government during panic of 1907 [Cortelyou]..... 440
deposits, amount of [Schiff]..... 1673
interest of Morgan & Co. in [Morgan]..... 1036, 1075, 1076
[Schiff]..... 1688
[Davison]..... 1879
interlocking directorates [Scudder, P.]..... 984, 990, 994–996, 998
[Murray]..... 1415
[Perkins]..... 1625
[Schiff]..... 1680
interests of Stillman, Morgan, and Rockefeller in [Davison]..... 1870
list of securities held by [Exhibit No. 227]..... 1958, 2049, 2050
list of stockholders of 1,000 shares and over in [Exhibit No. 201½]..... 1798
loans on stock exchange [Frew]..... 649
[Griesel]..... 745, 750, 751
[Turner]..... 753, 754
ownership of City Securities Co. [Vanderlip]..... 290
[Morgan]..... 1036, 1074, 1075
participation in large transactions during past decade [Baker]..... 1540, 1541
per cent of earnings on capital [Sherer]..... 160
proportion of deposits invested in securities [Schiff]..... 1673
underwriting syndicates [Baker]..... 1524–1526, 1547–1550, 1552, 1553, 1556–1559
[Schiff]..... 1666, 1667, 1673–1675, 1687–1689
[Davison]..... 1829–1831, 1849–1853, 1857–1859, 1869, 1870, 1874, 1875
[Lane]..... 2013–2018
[Hine]..... 2030–2047
voting trusts [Scudder, P.]..... 996
NATIONAL CITY SECURITY CO.:
interest in Riggs National Bank of Washington [Murray]..... 1415, 1416
NATIONAL COPPER BANK OF SALT LAKE CITY:
dealings with Salt Lake City Clearing House Association—
[Armstrong.]..... 1215–1228
[McCormick]..... 1228–1235
[Knox]..... 1235–1244
[Burton]..... 1244–1248
[Farnsworth]..... 1248–1250
NATIONAL EMPLOYMENT EXCHANGE:
interlocking directorates [Exhibit No. 197–A]..... 1570
NATIONAL LEAD CO.:
acceptance on stock transfers of guaranty of member of Consolidated Stock Exchange without guaranty of exchange [DeAguero]..... 775
NATIONAL LIFE INSURANCE CO.:
chart showing assets of and explanations [Scudder]..... 974–978
NATIONAL PARK BANK OF NEW YORK:
interlocking directorates [Scudder, P.]..... 992
loans on stock exchange [Ewert]..... 965
NATIONAL RESERVE BANK OF NEW YORK:
not clearing through New York Clearing House Association [Frew]..... 624–625

depositary certificates [Sherer]..... 186–188
examining department..... 131, 167–169
[Hanna]..... 464–469
factor in interstate commerce [Sherer]..... 139
function as warehouse for money [Vanderlip]..... 276
gold-coin certificates [Sherer]..... 133
[Exhibit No. 17]..... 133
gold-certificate [Exhibit No. 14]..... 133
Government control of [Sherer]..... 112, 132, 144
[Cannon]..... 225
[Frew]..... 594–596
groups of banks [Sherer]..... 125, 127, 128
importance in financial system [Baker]..... 1564
incorporation, advisability of [Cannon]..... 225
[Schiff]..... 1690
interest on daily balances against checks [Cannon]..... 221–223
interest on deposits..... 160
legitimate functions of [Vanderlip]..... 274–279
loan certificates, issue, collateral, etc. [Exhibit No. 18]..... 133, 134
[Sherer]..... 185–188, 191, 192
[Cannon]..... 231, 232
[Hepburn]..... 297, 298
[Frew]..... 589, 590
issue to Oriental Bank and call thereof [Sherer]..... 194–199
[Cannon]..... 231–235
[Jones]..... 235–245
[Hewitt]..... 245–254
[Beekman]..... 260–267
[Levy]..... 269–272
[Hepburn]..... 300, 301
[Exhibit No. 23]..... 272, 273
issue to Bank of North America and call thereof [Hepburn]..... 301
[Hanna]..... 468
loan committee [Sherer]..... 184, 185, 190, 191
[Cannon]..... 201, 215
[Frew]..... 590
membership in, admission, regulation, suspension, or expulsion—
[Sherer]..... 112–117, 119–121, 123, 124, 129, 131, 132, 140–146, 160–163, 167–169
[Cannon]..... 225–230
[Jones]..... 259
[Vanderlip]..... 291, 292
[Frew]..... 629–630, 577–594, 630, 631
examination of bank members of [Baker]..... 1443, 1444
[Davison]..... 1961
[Exhibit No. 228]..... 1961, 2050, 2051
meetings of, number [Sherer]..... 123
nature of organization..... 112
nonchartered institution..... 112
nonmembers with clearance privileges [Sherer]..... 116–118, 145–148, 165, 166, 169
[Newcomer]..... 533
[Frew]..... 587–589, 620–622, 625, 630–639
[Davison]..... 1961
[Exhibit No. 228]..... 1961, 2050, 2051
number of banks outside of..... 623–625
objects of association [Sherer]..... 156
out of town correspondence, data as to [Niven]..... 952–963
[Exhibit No. 133]..... 963, 1192–1211
public functions of [Sherer]..... 139
rate of exchange [Sherer]..... 154, 156, 157
[Jones]..... 255–257
rate of interest on deposits [Cannon]..... 218
[Jones]..... 260, 261
[Frew]..... 626–628

reliance on examinations by State and Federal authorities [Sherer]..... 168
request for resignation of Mr. Jones as president of Oriental Bank—
[Beekman]..... 264, 265
[Hewitt]..... 246–249
[Levy]..... 269–271
[Hepburn]..... 293–299
request to Oriental Bank to discontinue clearances for certain nonmembers [Jones]..... 236–239
right to have currency not subject to taxation [Sherer]..... 135, 136
secretary an officer of Security Bank..... 192
stifling small banks..... 124, 125
trust companies as nonmembers [Frew]..... 623–625
year of organization [Sherer]..... 111
NEW YORK COTTON EXCHANGE:
members of, having membership in New York Produce Exchange [Mabon]. 471
NEW YORK CENTRAL & HUDSON RIVER RAILROAD:
acceptance on stock transfers of guaranty of Consolidated Stock Exchange and member thereof [DeAguero]..... 775
availability of stock of, as collateral for loans on New York Stock Exchange [Griesel]..... 750
connection of Mr. Baker with [Baker]..... 1504, 1505
control of Lake Shore & Michigan Southern Railway..... 1556
control of New York, New Haven & Hartford Railroad..... 1516
executive committee [Morgan]..... 1014
finance committee..... 1013–1014
Morgan & Co. as fiscal agents for [Morgan]..... 1008, 1012, 1013
[Exhibit No. 142]..... 1098, 1099, 1101
interlocking directorates [Scudder, P.]..... 985, 988, 991, 995, 998, 1000–1002
[Baker]..... 1472, 1516
[Exhibit No. 197-A]..... 1571
underwriting syndicates [Baker]..... 1558
[Davison]..... 1857, 1858
NEW YORK COFFEE EXCHANGE:
(*See* Valorization of coffee.)
dealings in all grades of coffee [Sielcken]..... 8, 9
important element in international dealings in coffee..... 7
quotations and dealings on, as regulators of price of coffee..... 8
NEW YORK CURB ASSOCIATION:
(*See* Curb market.)
NEW YORK EDISON CO.:
interlocking directorates [Exhibit No. 197-A]..... 1571
NEW YORK & HARLEM RAILROAD:
interlocking directorates [Exhibit No. 197-A]..... 1571
NEW YORK LIFE INSURANCE CO.:
bank balances of, in principal banks for certain years [Exhibit Nos. 135, 167]..... 1213, 1305, 1359, 1360
chart showing assets of [Scudder, L.]..... 974–978
[Exhibit No. 134]..... 976, 1212
interlocking directorates [Scudder, P.]..... 988, 993, 998, 1000, 1001
list of securities held by [Exhibit No. 139]..... 1074, 1095–1096
proportionate amount of votes cast at general election by policyholders [McCall]..... 1305–1310
NEW YORK & LONG BRANCH RAILROAD:
interlocking directorates [Exhibit No. 197-A]..... 1571
NEW YORK MUTUAL GAS LIGHT CO.:
interlocking directorates [Exhibit No. 197-A]..... 1571
NEW YORK, NEW HAVEN & HARTFORD RAILROAD:
control of, by New York Central [Baker]..... 1516
control of, New York, Ontario & Western Railroad..... 1516, 1517
interlocking directorates [Scudder, P.]..... 985, 988, 991, 993, 995, 998, 1000–1002
[Baker]..... 1516
[Exhibit No. 197-A]..... 1571
Morgan & Co. as fiscal agents for [Morgan]..... 1008, 1012, 1013, 1015, 1016
[Exhibit No. 141]..... 1096–1098

N.Y. Life — Holdings 2172

NEW YORK, ONTARIO & WESTERN RAILROAD:
acceptance on stock transfers of guaranty of member of Consolidated Stock Exchange without guaranty of exchange [De Aguero] ... 775
control of, by New York, New Haven & Hartford Railroad [Baker] ... 1515, 1516
per cent of anthracite coal shipped over ... 1507
underwriting syndicates [Schiff] ... 1689
NEW YORK PRODUCE EXCHANGE:
conferences with New York Stock Exchange [Aspegren] ... 931, 932
cotton brokers as members of [Mabon] ... 471
expulsion of members of New York Stock Exchange for dealing in securities with members of produce exchange listed by stock exchange [Mabon] 470–471
listed securities [Aspegren] ... 930–932
number of members of, having membership in New York Stock Exchange [Mabon] ... 471
NEW YORK & PUTNAM RAILROAD:
interlocking directorates [Exhibit No. 197–A] ... 1571
NEW YORK RAILWAYS CO.:
interlocking directorates [Scudder, P.] ... 992, 995
NEW YORK STOCK EXCHANGE:
advantage of membership in, in dealing in securities [Sturgis] ... 785–786
"amount" in stock defined [Mabon] ... 399
annual dues of members [Ely] ... 334
board of governors, how constituted [Keppler] ... 853
clearing house for securities in [Mabon] ... 479–480
[Streit] ... 864–866
commissions for purchase and sale of securities [Mabon] ... 402, 403
committee on stock list [Ely] ... 323
[Exhibit No. 224] ... 1835, 1955
[Exhibit No. 225] ... 1835, 1955
[Exhibit No. 226] ... 1835, 1836
communication or business with Consolidated Exchange prohibited—
[Ely] ... 326–330, 336
[Cannon] ... 350
[Mabon] ... 385–388, 470, 471
[Heim] ... 756–766
[Exhibits Nos. 112–115] ... 759–766
[De Aguero] ... 766–776
[Exhibits Nos. 116–121] ... 768–772
[Ober] ... 776–779
[Exhibit No. 125] ... 777
[Dietz] ... 779–780
[Jarvis] ... 780, 781
[Sturgis] ... 816, 818–820
[Keppler] ... 858
conferences looking to relief of conditions in, during panic of 1907—
[Cortelyou] ... 436–437
[Aspegren] ... 931, 932
constitution of [Exhibit No. 25] ... 326
control of, by Government [Ely] ... 330–331
[Morgan] ... 1067
[Perkins] ... 1625, 1626
curb dealings [Mabon] ... 471–473, 475
[Ober] ... 776, 778, 779
[Sturgis] ... 814–816
[Keppler] ... 858, 859
demand loans on collateral [Cannon] ... 346–349
[Thomas] ... 361
[Mabon] ... 370–371
distribution of moneys for relief of stringency, Oct. 24, 1907 [Steele] ... 455–457
effect of increase of membership on floor of [Sturgis] ... 786
examination in, as assurance of responsibility to public [Sturgis] ... 789
examination of books of members [Sturgis] ... 788
fines imposed on members for dealings between stated hours [Mabon] ... 478–479

failures of members ——— 2183

mission for buying and selling, regardless of value [Mabon]..... 391
Hughes investigation of [Ely]..... 319–322
[Exhibit No. 27]..... 321, 363
[Mabon]..... 363–365
[Sturgis]..... 789–792, 825, 852
[Keppler]..... 853, 854
hypothecation by members of securities of customers [Sturgis]..... 793–797
importance and size of as compared with Consolidated Stock Exchange [Ely]..... 322–323
importance in financial system [Baker]..... 1564
impossibility of dealing in Government and municipal securities on, unless engraved by a company appointed by Exchange [Mabon]..... 391–392
incorporation of [Aspegren]..... 929, 930
[Perkins]..... 1625, 1626
initiation fee of members [Ely]..... 334
interstate corporations required to apply for admission of securities to official lists [Ely]..... 324–325
investigation of brokerage houses by certified public accountant [Morse].. 708–717
limitation of membership [Ely]..... 318–319, 331
[Mabon]..... 403, 411
listed securities, manner of listing, effect, etc. [Ely] 323–326, 329, 333, 336, 338–342
[Cannon]..... 350
[Mabon]..... 369–377, 383–385, 392, 405, 406, 413–429, 480–484
[Pomroy]..... 488, 489, 491–499
[Heim]..... 761, 762
[Ober]..... 779
[Sturgis]..... 782–784, 815–818
[Keppler]..... 859, 860
[Atteson]..... 881, 882
[Baird]..... 883–884
[Field]..... 885–894
[Kendall]..... 895–904
[Lewisohn]..... 921, 937–939
[Aspegren]..... 930
[Baker]..... 1564
[Davison]..... 1836–1840
list of members becoming insolvent [Sturgis]..... 789
[McCormack]..... 1300
[Exhibits Nos. 164–165]..... 1299–1357
list of trustees holding securities for members of [Ely]..... 337
loans on, by banks throughout country [Cannon]..... 350–352
loans on collaterals [Pomroy]..... 490
[Frew]..... 640–642, 647–653
[Exhibit No. 67]..... 639
[Griesel]..... 742–752
[Turner]..... 753–756
[Sturgis]..... 796–802
[Niven]..... 952–963
[Exhibit No. 133]..... 963, 1192–1211
[Ewer]..... 963, 964
[Morgan]..... 1084–1086, 1090
[Henry]..... 1275, 1291–1293
[Constantine]..... 1302, 1303
[Tillinghast]..... 1304, 1305
[Murray]..... 1395, 1396
[Baker]..... 1502–1504, 1564, 1565
[Davison]..... 1982–1984
membership in, how obtained [Ely]..... 331
members operating on floor of, not required to pay commissions [Sturgis].. 786
money rate of interest [Cortelyou]..... 433–435
[Frew]..... 645–648, 650–654
[Ewer]..... 965
not engaged in any business [Ely]..... 334

change [Mabon] 471
ownership of building [Ely] 318, 336–337
[Sturgis] 820
property representation of seat on [Sturgis] 784–785
public function performed in interstate commerce [Ely] 331–332
[Sturgis] 837
precedence of obligations between members in case of insolvency—
[Mabon] 479
[Sturgis] 786–789
quotations of [Ely] 332, 333
[Cannon] 349
[Thomas] 352–355, 361
[Pomroy] 489
[Sturgis] 803–806, 837, 838, 841, 842
[Murray] 1393, 1394
[Perkins] 1626
rate of commission for buying and selling securities [Mabon] 389–391
rate of interest on loans of money deposited by United States Government during panic of 1907 [Cortelyou] 447
registrars for listing securities [Ely] 325, 326
relation of, with banks [Sturgis] 837
relief of stringency of money market, October 24, 1907 [Thomas] 354–361
splitting commissions [Sturgis] 813
stock transactions, sales, short sales, pools, manipulations, etc.—
[Mabon] 111, 369, 373, 392–399, 410
[Pomroy] 499, 500
[Scudder, L.] 688
[Morse] 708–717
[Exhibits Nos. 109] 711–1178
[De Aguero] 773, 774
[Sturgis] 806–814, 825–858
[Keppler] 863
[Street] 866–868
[Content] 869–879
[Grier] 879–880
[Popper] 904–908
[Criss] 908–912
[Exhibits Nos. 77–79] 1125–1129
[Exhibit No. 80] 1130
[Exhibits Nos. 83a–83e] 1135–1140
[Exhibits Nos. 84–87] 1141–1145
[Exhibits Nos. 94–96] 1152–1156
[Exhibits Nos. 104–105] 1170–1173
[Exhibits Nos. 127–129] 912, 1183–1185
[Lewisohn] 922–926, 933–943
[Feder] 944–952
[Exhibit No. 132½] 951, 1186–1191
[Scudder, L.] 976
[Morgan] 1087–1091
[Exhibits Nos. 74–76] 1120–1124
[Exhibits Nos. 81–83] 1131–1134
[Exhibit No. 88] 1146
[Exhibits Nos. 95–96] 1154–1156
[Exhibit No. 89] 1146
[Exhibits Nos. 90–93] 1147–1151
[Exhibits Nos. 97–99] 1157–1161
[Exhibits Nos. 100–101] 1162–1165
[Exhibits Nos. 100–101] 1162–1165
[Exhibits Nos. 102, 103] 1166–1168
[Exhibits Nos. 106–108] 1174–1178
[Henry] 1250–1255, 1268–1297
[Exhibits Nos. 149–153] 1253, 1255, 1261–1266
[Perkins] 1627, 1628
[Wollman] 1783–1798
[Exhibits Nos. 200, 201a] 1785, 1786

[Mabon]..... 395–402
ticker quotations [Sturgis]..... 785, 802, 805
transfer agents as prerequisite to listing securities [Ely]..... 325, 326
unincorporated association [Ely]..... 319
unlisted securities [Mabon]..... 362–372, 379–384, 474, 478
[Exhibit Nos. 28–29]..... 380–383
usefulness of service to financial system of country [Mabon]..... 373
use of money deposited by United States Government for relief of, during panic of 1907 [Cortelyou]..... 436–454
value of seat on [Ely]..... 334–336
[Sturgis]..... 783, 784
volume of business [Sturgis]..... 783, 784
Wall Street market only call money market in country [Frew]..... 647
NEW YORK SUBWAYS:
underwriting syndicates [Davison]..... 1849–1853
NEW YORK, SUSQUEHANNA & WESTERN RAILROAD:
interlocking directorates [Baker]..... 1473, 1477, 1516
[Exhibit No. 197–A]..... 1571
ownership of, by Erie Railroad [Baker]..... 1477, 1478
per cent of anthracite coal shipped over..... 1507
NEW YORK TRUST CO.:
acceptance on stock transfers of guaranty of member of Consolidated Stock Exchange without guaranty of exchange [De Aguero]..... 775
interlocking directorates [Scudder, P.]..... 980, 981, 984, 988, 995, 1001
NEW YORK, WESTCHESTER & BOSTON RAILROAD:
underwriting syndicates [Lane]..... 2010
NIVEN, J. B.:
testimony of..... 952–963
NORFOLK & WESTERN RAILROAD:
competition with Virginia Railway [Davison]..... 1986
interlocking directorates [Scudder, P.]..... 991, 995, 998
voting trusts [Morgan]..... 1043
NORTHERN PACIFIC RAILWAY:
combination with Great Northern [Baker]..... 1530–1532
competition with Great Northern..... 1530–1532
corner in stock of [Pomroy]..... 499–501
interests of Mr. Baker in [Baker]..... 1530–1532
interests of J. J. Hill in [Baker]..... 1530–1532
[Hill]..... 1988–1990
interests of First Security Co. in [Baker]..... 1530–1532
interlocking directorates [Scudder, P.]..... 985, 988, 991, 993, 995, 998, 1000–1002
[Baker]..... 1472, 1516, 1529
[Exhibit No. 197–A]..... 1571
[Hill]..... 1989, 1990
Morgan & Co. as fiscal agents for [Morgan]..... 1018–1019
[Davison]..... 1865
underwriting syndicates [Exhibit No. 159]..... 1341–1342
voting trusts [Scudder, P.]..... 987, 989
[Morgan]..... 1018, 1041, 1042
[Exhibit No. 200]..... 1752–1757
NORTHWESTERN MUTUAL LIFE INSURANCE CO.:
interlocking directorates [Scudder, P.]..... 991, 993, 998, 1000, 1001

OBER, MAURICE:
testimony of..... 776–779
OLCOTT, F. P.:
connection with transactions in Amalgamated Copper Co. [Burrage].. 1580–1613
OLD COLONY TRUST CO. OF BOSTON:
capital, surplus, and undivided profits [Winsor]..... 1997
interlocking directorates [Winsor]..... 1996
[Lane]..... 2003
underwriting syndicates [Winsor]..... 1998–2002

> N. Y. trust companies consolidated or merged since 1900 ——— 2.2.19

interlocking directorates [Exhibit No. 200]..... 1680
ORIENTAL NATIONAL BANK OF NEW YORK:
retirement of loan certificates by notice from New York Clearing House Association [Sherer]..... 194-200
[Jones]..... 235-245
[Hewitt]..... 245-254
[Beekman]..... 263-267
[Levy]..... 269-272
OTTESON, JOHN C.:
testimony of..... 880-882
OVERCERTIFICATION:
checks [Murray]..... 1394, 1395

PACIFIC MAIL CO.:
acceptance on stock transfers of guaranty of Consolidated Stock Exchange and member thereof [DeAguero]..... 775
PANIC OF 1907:
agreement of United States Government to give aid [Cortelyou]..... 430-454
call rate for money, October 23..... 433-435
connection of Mr. Morgan with relief, October 24 [Thomas]..... 354-361
conferences of financiers with relation to [Cortelyou]..... 430-454
distribution of money deposited by United States Government..... 437-442
[Steele]. 455-457
dominance of affairs during, by Morgan, Stillman, and Baker [Baker]. 1538-1541
effect on, of short sellings in stocks [Sturgis]..... 831-832
failure of Knickerbocker Trust Co. as cause of precipitation [Frew]..... 631-633
list of banks making loans October 25 [Exhibit No. 34]..... 486
list of deposits by United States Treasury Department with national banks in New York City October 22-30 [Exhibit No. 35]..... 485-487
preceded by speculation and inflation [Mabon]..... 470
report of Mr. Cortelyou as to disposition of United States moneys deposited during [Cortelyou]..... 452-454
request to Mr. Cortelyou to specify banks in which United States moneys were deposited..... 451-454
time of commencement of..... 430
use of money deposited by United States Government to relieve stock market..... 443-454
withholding withdrawal of money by out-of-town banks on deposit in New York [Frew]..... 683-684
PARA NATIONAL BANK OF NEW YORK:
loans by, for out-of-town banks on New York Stock Exchange [Griesel].. 750-751
PARROT SILVER AND COPPER CO.:
(*See* Amalgamated Copper Co.)
PEABODY, CHARLES A.:
testimony of..... 1310-1321
PENN MUTUAL LIFE INSURANCE CO.:
interlocking directorates in [Scudder, P.]..... 984
Pennsylvania Coal Co.:
interlocking directorates [Baker]..... 1479
[Exhibit No. 197-A]..... 1571
ownership of, by Erie Railroad [Baker]..... 1479, 1514, 1515
PENNSYLVANIA RAILROAD:
cumulative voting [Morgan]..... 1059
[Perkins]..... 1624
interlocking directorates [Scudder, P.]..... 991, 993, 995
per cent of anthracite coal shipped over [Baker]..... 1507
refusal of guaranty of Consolidated Stock Exchange [De Aguero]..... 767
underwriting syndicates [Schiff]..... 1689
PEOPLES GAS CO.:
acceptance on stock transfers of guaranty of member of Consolidated Stock Exchange without guaranty of exchange [DeAguero]..... 775
PEOPLES STATE BANK OF DETROIT:
stock of, held by Metropolitan Life Insurance Co. [Ecker]..... 1333
PEOPLES TRUST CO. OF BROOKLYN:
stock of, held by Metropolitan Life Insurance Co. [Ecker]..... 1333

sale of bonds to other banks in which they have interests [Davison]... 1960, 1961
PRODUCING AND TRADING CORPORATIONS:
interlocking directorates [Scudder, P.]... 981–1003
list of, from whom securities have been purchased by Kuhn, Loeb & Co. [Exhibit No. 200]... 1757–1765
resources of corporations from whom securities have been purchased by Kuhn, Loeb & Co. [Exhibit No. 200]... 1769
PROVIDENCE, R. I.:
discretionary point as regards collection of out-of-town checks [Cannon]... 375
PUBLIC SERVICE CORPORATION OF NEW JERSEY:
interlocking directorates [Scudder, P.]... 986
PUBLIC UTILITY CORPORATIONS:
interlocking directorates [Scudder, P.]... 981–1003
list of, from whom securities have been purchased by Kuhn, Loeb & Co. [Exhibit No. 200]... 1757–1765
resources of corporations from whom securities have been purchased by Kuhn, Loeb & Co. [Exhibit No. 200]... 1769
PUGSLEY, CORNELIUS:
testimony of... 560–563
PULLMAN CO.:
interlocking directorates [Scudder, P.]... 986, 988, 991, 998, 1000–1002
[Exhibit No. 197–A]... 1571

QUINCY, OMAHA & KANSAS CITY RAILROAD:
interlocking directorates [Exhibit No. 197–A]... 1571

RAILROADS:
(*See* Anthracite coal railroads.)
(*See also* the specific titles.)
concentration and consolidation of great systems [Morgan]... 1060–1066
control of, by individual... 1054–1055
control of, by minority of stock [Frew]... 611
[Baker]... 1499, 1500
control of competing lines [Davison]... 1830–1833
cumulative voting [Morgan]... 1059
election of directors by bare majority... 1059
financing of competing railroad by bank running road under voting trust [Baker]... 1562
holding companies [Schiff]... 1692–1694
holdings of First Security Co. in anthracite coal railroads [Baker]... 1504–1510
interlocking directorates [Scudder, P.]... 981–1003
[Baker]... 1472–1479, 1516
[Exhibit No. 200]... 1765
[Hine]... 2020, 2021
issue of pay checks circulating as money [Cannon]... 344
list of, from whom securities have been purchased by Kuhn, Loeb & Co. [Exhibit No. 200]... 1757–1765
overthrow of management by stockholders [Davison]... 1828, 1829
reorganization [Hine]... 2047, 2048
resources of corporations from whom securities have been purchased by Kuhn, Loeb & Co. [Exhibit No. 200]... 1769
representation of minority stockholders [Baker]... 1510–1512, 1519
sale of bonds of, by competitive bidding [Davison]... 1978–1980
underwriting syndicates [Exhibit No. 200]... 1697–1698
voting trusts [Baker]... 1453
[Perkins]... 1620
[Schiff]... 1684
[Davison]... 1864, 1865
READING COAL & IRON CO.:
voting trusts [Morgan]... 1045–1046

[Exhibits Nos. 74–76]..... 1120–1124
interest of Morgan in [Morgan]..... 1061
interlocking directorates [Scudder, P.]..... 985, 988, 991, 995, 998, 1000–1002
[Baker]..... 1472, 1475, 1476, 1516
[Exhibit No. 197–A]..... 1571
underwriting syndicates [Baker]..... 1558, 1559
voting trusts [Scudder, P.]..... 987, 989
[Morgan]..... 1041–1044
REBATES:
suspension of members of New York Stock Exchange for giving rebates on commissions [Mabon]..... 407, 408
REEVES, FRANCIS B.:
testimony of..... 559
REICHSBANK OF GERMANY:
average of shares held by one person [Morgan]..... 1058
REID, DANIEL G.:
voting trust [Frew]..... 596–598, 607
[Davison]..... 1812–1824
REORGANIZATION OF RAILROADS:
(*see* voting trusts.)
(*see, also,* the specific titles.)
REPUBLIC CO. OF PITTSBURGH:
engraving of certificates of securities listed on New York Stock Exchange [Kendall]..... 898
RESTRIANT OF TRADE:
indictment of clearing-house associations for regulations restraining [Sherer] 144
regulation of collection of out of town checks by clearing-house associations as..... 140
rule of clearing house regulating rate of collection of out of town checks [Cannon]..... 220
REVIEW OF REVIEWS CO.:
interlocking directorates [Exhibit No. 197–A]..... 1570
REYNOLDS, GEORGE M.:
directorships in corporations doing business with his bank..... 1642, 1643
testimony of..... 1637–1660
RICHARDSON, CHARLES W.:
testimony of..... 1575–1580
RIDDELL, CHARLES F.:
testimony of..... 971–974
RIGGS NATIONAL BANK OF WASHINGTON:
interlocking directorates [Scudder, P.]..... 995, 998
[Murray]..... 1415
interest of National Security Co. in [Murray]..... 1415, 1416
ROCKEFELLER, WILLIAM:
control of United States Metals Selling Co. [Wolfson]..... 720
illness of [Exhibit No. 166]..... 1300, 1301, 1358
[Chappell]..... 1777–1783, 2142
[Richardson]..... 1575–1580
manipulations in stock of Amalgamated Copper Co. [Wolfson]..... 723
[Burrage]..... 1580–1613
interest in City Bank of New York [Davison]..... 1870
organization of United Metals Selling Co. [Wolfson]..... 718
service of subpœna on [Riddell]..... 971–974
[Exhibit No. 134–C]..... 974, 1008–1010
[Newman]..... 978, 979
testimony of..... 2141, 2142
underwriting syndicates [Baker]..... 1513, 1514

[Scudder, L.] 688–706
[Sturgis] 838–840
[Exhibits Nos. 97–99] 1157–1161
interlocking directorates [Scudder, P.] 988, 991, 993
[Exhibit No. 197–A] 1570
ROGERS, HENRY W.:
control of United Metals Selling Co. [Wolfson] 720
manipulations in stocks of Amalgamated Copper Co 723
[Burrage] 1580–1613
organization of United Metals Selling Co. [Wolfson] 718
ROYAL BANK OF SCOTLAND:
no ownership of bank shares [Morgan] 1059
persons excluded from directorships 1058
RUSSIAN BANKS:
credit to officials prohibited [Morgan] 1059
persons excluded from directorships 1058
voting power of stockholders 1058
RUTLAND RAILROAD CO.:
interlocking directorates [Exhibit No. 197–A] 1571
RYAN, THOMAS F.:
controlling interest in Consolidated Tobacco Co. [Pomroy] 497

ST. LOUIS & SAN FRANCISCO RAILROAD:
voting trusts [Scudder, P.] 989
ST. LOUIS SOUTHWESTERN RAILROAD:
listing of bonds on New York Stock Exchange [Mabon] 426, 427
SALOMAN & CO.:
underwriting syndicates [Henry] 1250, 1255, 1268–1297
[Exhibits Nos. 160–162] 1279, 1342–1343
voting trusts [Henry] 1250–1266, 1268–1297
SALT LAKE CITY CLEARING HOUSE ASSOCIATION:
charges for check books [Newcomer] 532
[McCormick] 1232
constitution and rules of [Knox, A.] 550
[Exhibit No. 51] 551, 567–573
collection of out-of-town checks, uniform rates [Burton] 1240, 1248
domination of business by [Armstrong] 1215–1228
[Burton] 1244–1248
formation of new associaton, reasons for [McCormick] 1229–1230
interest on checking accounts [Armstrong] 1219–1221
[Exhibit No. 146] 1219
[Exhibit No. 147] 1219–1220
[McCormick] 1230–1235
[Knox] 1240–1243
[Farnsworth] 1248–1250
manner of collecting checks on First National Bank of Park City—
[Armstrong] 1224–1225
[Knox] 1237–1240
matters left for directors to determine after obeying regulations of
[Knox, A.] 551
memoranda and letters referring to refusal of National Copper Bank of Salt Lake City to become member of [Exhibit No. 50] 551, 563–566
national banks, members of [Armstrong] 1215
new constitution of, presented to National Copper Bank of Salt Lake City for signature to [Armstrong] 1221–1222
[Exhibit No. 148] 1221, 1255–1261
number of members 1215
prohibition of members from soliciting business from customers of other members [Armstrong] 1216–1218
[Exhibit No. 143] 1217
[Exhibit No. 144] 1217–1218
[Exhibit No. 145] 1218

new association [Armstrong]..... 1223–1224
uniform rates of discount [Knox]..... 1243–1244
withdrawal of eight members from and formation of new association—
[Armstrong]..... 1222–1223
[Knox]..... 1235–1237
[Burton]..... 1244–1248

SCHIFF, JACOB H.:
letters explanatory of testimony..... 1957, 1959
testimony of..... 1660–1694

SCUDDER, LAWRENCE W.:
testimony of..... 688–708, 974–978

SCUDDER, PHILIP J.:
testimony of..... 979–1003

SEABOARD AIR LINE:
competitor of Southern Railway [Davison]..... 1830, 1831
interlocking directorates [Scudder, P.]..... 988, 991, 993, 995, 998, 1000, 1001

SEABOARD NATIONAL BANK OF NEW YORK:
data relating to out-of-town correspondents, loans, etc. [Niven].... 953–963, 1210

SECOND NATIONAL BANK OF ST. PAUL:
consolidation with First National Bank [Hill]..... 1999

SECURITY BANK NOTE CO. OF PHILADELPHIA:
privilege of engraving certificates of securities listing on stock exchange refused to [Kendall]..... 904

SECURITY COMPANIES:
(*See also* the specific titles.)
list of national banks having affiliated security companies [Murray]... 1405–1407

SELIGMAN & CO.:
underwriting syndicates [Schiff]..... 1689

SHAWMUT NATIONAL BANK:
interlocking directorates [Lane]..... 2003

SHERER, WILLIAM:
testimony of..... 111–200

SIELCKEN, HERMAN:
testimony of..... 6–66

SOCIÉTÉ GENERALE:
interlocking directorates [Davison]..... 1882, 1883

SOUTHERN PACIFIC RAILROAD:
acceptance on stock transfers of guaranty of Consolidated Stock Exchange and member thereof [DeAguero]..... 775
interlocking directorates [Scudder, P.]..... 991, 995, 996, 998, 1001
[Exhibit No. 200]..... 1695

SOUTHERN RAILWAY:
competitor of Seaboard Air Line [Davison]..... 1830, 1831
control of, by Morgan [Baker]..... 1523
dividends on common stock [Davison]..... 1829
holdings by Mutual Life Insurance Co. [Peabody]..... 1318
[Baker]..... 1524
holdings in, by First National Bank of New York [Baker]..... 1524
holdings of Mr. Baker in [Baker]..... 1524
interlocking directorates [Scudder, P.]..... 985, 988, 998, 1000–1002
[Exhibit No. 197-A]..... 1571
Morgan & Co. as fiscal agents for [Morgan]..... 1017
[Davison]..... 1826–1827
underwriting syndicate in [Baker]..... 1524–1526
voting trust [Mabon]..... 484, 487
[Pomroy]..... 490, 491, 494
[Scudder, P.]..... 985, 987, 989, 992, 999, 1000–1002
[Morgan]..... 1017–1018, 1042
[Baker]..... 1523, 1524, 1559
[Davison]..... 1826–1829, 1836–1840
[Exhibits Nos. 221, 222]..... 1827, 1929–1953
[Exhibit No. 223]..... 1827, 1953, 1954
[Exhibit No. 224]..... 1835, 1955

(*see* New York Stock Exchange.)
SPEYER & Co.:
interlocking directorates [Scudder, P.]..... 980–981
loans on New York Stock Exchange [Griesel]..... 745
participation in large transactions during past decade [Baker]..... 1540–1541
SPRING BROOK WATER SUPPLY Co.:
interlocking directorates [Exhibit No. 197a]..... 1571
STANDARD OIL Co.:
listing of securities of [Ober]..... 779
[Keppler]..... 861
STANDARD TRUST Co.:
data relating to out-of-town correspondents, loans, etc. [Niven].... 953–963, 1210
merger with Guaranty Trust Co. [Baker]..... 1560
STATE BANKS:
(*see also* the specific titles.)
affiliations with national banks [Murray]..... 1397, 1405–1407
comparison of notes between national-bank examiners and State-bank examiners..... 1387
examination by bank examiners, thoroughness of [Schiff]..... 1690–1691
local branches [Cannon]..... 204
reasons for and against furnishing data relating to assets of [Murray].. 1376–1380
STATE BANK OF MARYLAND:
relations with Baltimore clearing house [Cloud]..... 506–514
[Newcomer]..... 525–528
[Wilcox]..... 540–542
STATE BONDS:
competitive bidding in sale of [Davison]..... 1978–1980
STEAMSHIP COMPANIES:
(*see also* the specific titles.)
interlocking directorates [Scudder, P.]..... 981–1003
STEELE, CHARLES:
testimony of..... 455–457
STILLMAN, JAMES:
acquisition of holdings of Mutual Life Insurance Co. and Equitable Life Assurance Society [Baker]..... 1461–1471
connection with transactions in Amalgamated Copper Co. [Burrage]... 1580–1613
correspondence relating to amount of stock of Equitable Life Insurance Co. to be taken by [Exhibits Nos. 157, 158]..... 1267–1268
dominance of power of [Baker]..... 1538–1541
interest in City Bank of New York [Davison]..... 1870
underwriting syndicates [Baker]..... 1513, 1514
STOCK BROKERS.
(*See* Curb market; New York Stock Exchange.)
STOCK EXCHANGES.
(*See* the specific titles.)
STOCKS.
(*See* Curb market; New York Clearing House Association; New York Stock Exchange; Underwriting syndicates.)
STREIT, SAMUEL F.:
testimony of..... 863–866
STRUGIS, FRANK K.:
testimony of..... 781–820, 825–852
SYNDICATES.
(*See* Underwriting syndicates.)

TEMPLE IRON Co.:
underwriting syndicates [Baker]..... 1513, 1514
TEXAS PACIFIC RAILROAD:
acceptance on stock transfers of guaranty of Consolidated Stock Exchange and member thereof [De Aguero]..... 775
THIRD NATIONAL BANK OF NEW YORK:
absorption by National City Bank [Hepburn]..... 304

2183

interlocking directorates [Exhibit No. 197–A]..... 1570, 1571
TIDE WATER PIPE CO.:
interlocking directorates [Exhibit No. 197–A]..... 1571
TILLINGHAST, H. W.:
testimony of..... 1303–1305
TITLE GUARANTY & TRUST CO.:
data relating to out-of-town correspondents, loans, etc. [Niven].... 953–963, 1211
interlocking directorates [Schiff]..... 1680
TOBACCO PRODUCTS CORPORATION:
interlocking directorates [Exhibit No. 197–A]..... 1570
TRANSPORTATION COMPANIES:
(*See* Underwriting syndicates; Voting trusts; Anthracite coal railroads.)
(*See also* the specific titles.)
control of, by minority of stockholders [Baker]..... 1499, 1500
holding companies, advisability of [Schiff]..... 1692–1694
interlocking directorates [Scudder, P.]..... 981–1003
[Baker]..... 1472–1479, 1516
[Exhibit No. 200]..... 1765
[Hine]..... 2020, 2021
list of railroads from whom securities have been purchased by Kuhn, Loeb & Co. [Exhibit No. 200]..... 1757–1765
overthrow of management by stockholders [Davison]..... 1828, 1829
reorganization [Hine]..... 2047, 2048
representation of minority stockholders, advisability [Baker].... 1510–1512, 1519
resources of corporations from whom securities have been purchased by Kuhn, Loeb & Co. [Exhibit No. 200]..... 1769
TROY CLEARING HOUSE ASSOCIATION:
collection of out-of-town checks, no charges [Frew]..... 620
TROY, N. Y.:
discretionary point as regards collection of out-of-town checks [Cannon]... 375
TRUST COMPANIES:
(*See also* the specific titles.)
deposit of money in, by United States Government during panic of 1907 [Cortelyou]..... 444, 450, 451
loans on securities, admission of securities to official list of New York Stock Exchange as prequisite to [Ely]..... 324
TRUST CO. OF AMERICA:
absorption by Bankers' Trust Co. [Cortelyou]..... 450
absorption by Equitable Trust Co..... 451
TURNER, CHARLES W.:
testimony of..... 752–756

UNDERWRITING SYNDICATES:
(*See also* the specific titles.)
capacity of certain institutions to handle [Davison]..... 1859–1863
competition in [Schiff]..... 1661–1666, 1668, 1669
[Hine]..... 2045–2047
control of buyer and seller by same persons..... 1684, 1685
cooperation in..... 1662–1664, 1666–1669, 1682–1686
in enumerated corporations—
American Agricultural & Chemical Co. [Davison]..... 1869, 1870
American Telephone & Telegraph Co. [Baker]..... 1548, 1549
[Davison]..... 1858, 1859
Armour & Co. [Baker]..... 1549
Atchison, Topeka & Santa Fe Railroad [Baker]..... 1547, 1548
[Lane]..... 2004
Atlantic Coast Line..... 1549
[Davison]..... 1829–1831
Atlas Portland Cement Co. [Davison]..... 1868
Baldwin Locomotive Works [Davison]..... 1869
Baltimore & Ohio Railroad [Exhibit No. 200]..... 1738–1746
Boston & Maine Railroad [Baker]..... 1550
California Petroleum Co. [Henry]..... 1250, 1255, 1268–1297
[Exhibits Nos. 160–162]..... 1279, 1342, 1343

Chesapeake & Ohio Railroad [Baker] ... 1550, 1551
[Schiff] ... 1688–1689
Chicago & Alton Railroad [Exhibit No. 200] ... 1747–1752
Chicago, Burlington & Quincy Railroad [Baker] ... 1551
[Lane] ... 2004, 2005
Chicago City Railways [Baker] ... 1555
Chicago Great Western Railroad [Baker] ... 1521, 1522
Chicago & Western Indiana Railroad [Davison] ... 1857, 1858
[Hine] ... 2045
Cleveland, Cincinnati, Chicago & St. Louis Railroad [Baker] ... 1551, 1552
Consolidated Coal Co. [Schiff] ... 1673
Consolidated Gas Co ... 1673–1675
Delaware & Hudson Railroad [Schiff] ... 1689
Erie Railroad [Baker] ... 1552
Florida East Coast Railway [Baker] ... 1553
General Electric Co. [Baker] ... 1552, 1553
[Davison] ... 1874, 1875
General Motors Co. [Schiff] ... 1689
Great Northern Railway [Baker] ... 1529, 1530, 1553
[Davison] ... 865
Hudson Tunnel Co. [Schiff] ... 1669, 1670
Illinois Central Railroad [Schiff] ... 1689
Illinois Steel Co. [Lane] ... 2012
Indiana Steel Co. [Lane] ... 2012
Interborough Rapid Transit Co. [Baker] ... 1553–1555
International Harvester Co. [Baker] ... 1555, 1556
Jones & Laughlin Steel Co. [Lane] ... 2006
Kansas City Terminal Co. [Davison] ... 1857, 1858
[Lane] ... 2005
Lake Shore & Michigan Southern [Baker] ... 1556, 1557
Lorain Steel Co. [Lane] ... 2012
Louisville & Nashville Railroad [Baker] ... 1549, 1550, 1557, 1558
Maine Central Railroad [Baker] ... 1558
[Lane] ... 2006–2008
National Tube Co. [Lane] ... 2010, 2011
New York Central [Baker] ... 1558
[Davison] ... 1857, 1858
New York, New Haven & Hartford Railroad [Baker] ... 1558
[Lane] ... 2005, 2006
New York Subways [Davison] ... 1849–1853
New York, Westchester & Boston Railroad [Lane] ... 2010
Pennsylvania Railroad [Schiff] ... 1689
Philadelphia & Reading Railroad [Baker] ... 1507, 1508
Reading Railroad [Baker] ... 1558, 1559
Southern Railway [Baker] ... 1524–1526, 1559
[Davison] ... 1828, 1829
Temple Iron Co. [Baker] ... 1513, 1514
[Exhibit No. 199] ... 1514, 1572, 1573
Union Pacific Railway [Exhibit No. 200] ... 1699–1712
Union Steel Co. [Lane] ... 2012
United Dry Goods Co. [Davison] ... 1867, 1868
United States Steel Corporation [Baker] ... 1543–1546
[Schiff] ... 1666, 1667
[Davison] ... 1842–1849
United States Rubber Co. [Baker] ... 1559
[Davison] ... 1868
Virginia Railway ... 1985, 1986
[Lane] ... 2013–2018
Western Electric Co ... 1875
[Lane] ... 2012, 2013
lists of institutions for participation in [Schiff] ... 1662, 1663
[Davison] ... 1848, 1849
manner of operation [Baker] ... 1546, 1547
[Schiff] ... 1661–1663, 1665
[Hine] ... 2030–2047

participation in, by officers of banks and trust companies 1671, 1672
[Davison] 1981–1982
[Winsor] 2000–2002
propriety of [Lane] 2017–2020
UNION BANK OF SCOTLAND:
no ownership of bank shares [Morgan] 1059
persons excluded from directorships 1058
UNION BANK OF LONDON AND SMITH'S BANK:
average of share held by one person [Morgan] 1059
eligibility of stockholders 1059
transfers of stock 1059
voting power of stockholders 1059
UNION PACIFIC RAILROAD:
acceptance on stock transfers of guaranty of Consolidated Stock Exchange and member thereof [De Aguero] 775
interlocking directorates [Scudder, P.] 991, 995, 996, 998, 1001
[Exhibit No. 200] 1695
statistics as to dealings in stocks of [Scudder, L.] 688–708
[Exhibits Nos. 84–87] 1141–1145
underwriting syndicates [Exhibit No. 200] 1772–1775
UNION STEEL CO.:
underwriting syndicates [Lane] 2012
UNION TRUST CO. OF NEW YORK:
interlocking directorates [Scudder, P.] 990, 1001
UNION TRUST CO. OF PITTSBURGH:
interlocking directorates [Scudder, P.] 995, 998
UNION TRUST CO. OF SPRINGFIELD:
interlocking directorates [Winsor] 1996
UNION THEOLOGICAL SEMINARY:
interlocking directorates [Exhibit No. 197-A] 1570
UNITED DRY GOODS CO.:
merger of other companies [Davison] 1867, 1868
underwriting syndicates 1867
UNITED GAS IMPROVEMENT CO.:
interlocking directorates [Scudder, P.] 993
UNITED METALS SELLING CO.:
control of production and manipulation of price [Wolfson] 717–740
UNITED STATES BONDS:
competitive bidding in sale of [Davison] 1978–1980
UNITED STATES MORTGAGE & TRUST CO. OF NEW YORK:
data relating to out-of-town correspondents, loans, etc. [Niven] 953–963, 1211
interlocking directorates [Scudder, P.] 988, 990, 992, 995, 996, 998, 1001
[Schiff] 1680–1682
UNITED STATES RUBBER CO.:
acceptance on stock transfers of guaranty of Consolidated Stock Exchange and member thereof [De Aguero] 775
interlocking directorates [Scudder, P.] 988, 993, 998, 1000, 1001
[Exhibit 197-A] 1570
underwriting syndicates [Baker] 1559
[Davison] 1868
UNITED STATES STEEL CORPORATION:
amount paid for engraving certificates of securities listed on stock exchange [Kendall] 897
availability of common stock of as collateral for loans on stock exchange [Griesel] 749–750
completeness of statements of affairs to stockholders and public [Mabon] 385
correspondence with Consolidated Stock Exchange as to transfer privileges in stock of [Exhibit Nos. 116–121] 768–772
dealings in stocks of [Scudder, L.] 688–708
[Morgan] 1027–1028
[Exhibits Nos. 80–83] 1130–1134
[Perkins] 1616, 1617
executive committee [Baker] 1543–1545

[Morgan]..... 1040
[McCormick]..... 1228–1229
[Exhibit No. 197–A]..... 1571
[Perkins]..... 1615, 1616, 1625
[Davison]..... 1833, 1834
Morgan & Co. as depositary of [Morgan]..... 1027
Morgan & Co. as fiscal agents for 1024
organization [Mabon]..... 482–483
[Morgan]..... 1025–1027
[Joyce]..... 1806–1808
[Davison]..... 1809, 1810, 1833–1835
pools or syndicates in stock of [Morgan]..... 1028–1031
publicity of officers of [Perkins]..... 1617
refusal of guaranty of Consolidated Stock Exchange [De Aguero]..... 767
underwriting syndicates [Schiff]..... 1666, 1667
[Davison]..... 1800–1802, 1842–1849, 1860

VALORIZATION OF COFFEE:
basis of valuation [Sielcken]..... 8
quotations and dealings on New York Coffee Exchange as regulators of price of coffee..... 8
grades of coffee..... 8, 9
law of Sao Paulo authorizing agreement for..... 10–86
list of values, etc., issued by New York Exchange [Exhibit No. 1]..... 9–66
nature of [Sielcken]..... 11
proportion of consumption of coffee production by United States..... 7, 8
Rio coffee, places of production..... 9
Sao Paulo and Santos same..... 10
Sao Paulo, proportion of production of Brazilian crop..... 9, 10
VANDERLIP, FRANK A.:
testimony of..... 273–292
VIRGINIA-CAROLINA CHEMICAL CO.:
interlocking directorates [Scudder, P.]..... 998
VIRGINIA RAILWAY:
competition with Chesapeake & Ohio Railroad [Davison]..... 1986
competition with Norfolk & Western Railroad..... 1986
underwriting syndicates [Davison]..... 1985, 1986
[Lane]..... 2013–2018
VOTING TRUSTS:
(*See also* the specific titles.)
advantage of to minority stockholder [Davison]..... 1816
change in directorates after expiration of [Scudder, P.]..... 987
[Morgan]..... 1044–1045
control of corporations by trustees [Morgan]..... 1019, 1020, 1046, 1047
[Perkins]..... 1619, 1620
control over sale of securities [Davison]..... 1855, 1856
effect on competition between railroads [Baker]..... 1562
election of corporate directors by [Perkins]..... 1619–1622
enumerated corporations—
Baltimore & Ohio Railroad [Morgan]..... 1042–1043
[Exhibit No. 200]..... 1769–1772
Bankers Trust Co. [Frew]..... 596–599, 607, 609, 610
[Scudder, P.]..... 986
[Day]..... 1331, 1332
[Perkins]..... 1618–1622
[Schiff]..... 1687
[Davison]..... 1812, 1816–1825, 1856
California Petroleum Co. [Henry]..... 1250–1255, 1268–1297
[Exhibit Nos. 149–153]..... 1253, 1255, 1261–1266
Chicago Great Western Railroad [Scudder, P.]..... 987
[Morgan]..... 1041, 1042
[Baker]..... 1520, 1521
Cincinnati, Hamilton & Dayton Railroad [Morgan]..... 1043
[Baker]..... 1517, 1518

Continental (European) institutions [Morgan]..... 1059–1060
Cramp & Sons [Morgan]..... 1044
[Baker]..... 1528, 1529
Equitable Life Assurance Society [Morgan]..... 1067–1073
[Exhibit No. 136]..... 1073, 1091–1093
Erie Railroad [Scudder, P.]..... 987
[Morgan]..... 1041–1043
First Security Co. [Baker]..... 1431
Guaranty Trust Co. [Frew]..... 609–610
[Scudder, P.]..... 986, 1002
[Morgan]..... 1039–1040
[Day]..... 1331, 1332
[Baker]..... 1447–1457, 1560, 1561
[Schiff]..... 1687
[Davison]..... 1812–1817, 1824, 1826
International Agricultural Corporation [Scudder, P.]..... 987
[Morgan]..... 1042–1044
International Harvester Co. [Scudder, P.]..... 987, 996
[Morgan]..... 1042, 1044
International Mercantile Marine Co. [Scudder, P.]..... 987
[Morgan]..... 1041–1043
Northern Pacific [Scudder, P.]..... 987
[Morgan]..... 1018, 1041–1043
[Exhibit No. 200]..... 1752–1757
Philadelphia & Reading Railroad [Scudder, P.]..... 987
[Morgan]..... 1041–1044
[Baker]..... 1508
Reading Coal & Iron Co. [Morgan]..... 1045–1046
Southern Railway [Mabon]..... 484, 487
[Pomroy]..... 490, 491, 494
[Scudder, P.]..... 985, 987
[Morgan]..... 1017, 1018, 1042
[Baker]..... 1523, 1524
[Davison]..... 1826, 1827, 1836–1840, 1878, 1879
Southern Railway agreement for [Exhibit Nos. 221–226]..... 1827, 1835, 1836, 1875, 1949–1955
notation of on chart showing interlocking directorates [Scudder, P.]..... 983
number of trusteeships held by Morgan & Co. [Morgan]..... 1039, 1040
propriety of [Baker]..... 1451–1453, 1455–1457
[Perkins]..... 1619, 1620
[Reynolds]..... 1656, 1657
[Davison]..... 1824–1826
[Schiff]..... 1684
resources and capitalization of institutions in which trusteeships are held by Morgan & Co. [Scudder, P.]..... 988

WABASH RAILROAD:
acceptance on stock transfers of guaranty of Consolidated Stock Exchange and member thereof [De Aguero]..... 775
interlocking directorates [Scudder, P.]..... 991, 998
listing of securities on New York Stock Exchange, requirement as to engraving of certificates [Otteson]..... 880–882
WARDROP, ROBERT:
testimony of..... 553–559
WAREHOUSES FOR MONEY:
functions of clearing-house associations as [Vanderlip]..... 276
WASHO COPPER CO.:
(*See* Amalgamated Copper Co.)
WATERLOO & CO. OF LONDON:
engraving of certificates of securities listed on stock exchange [Kendall]. 897, 898
WELLS-FARGO EXPRESS CO.:
interlocking directorates [Scudder, P.]..... 991, 996, 998
WESTERN CO. OF CHICAGO:
engraving of certificates of securities listed on stock exchange [Kendall].. 899

[Lane]..... 2012, 2013,
WESTINGHOUSE ELECTRIC & MANUFACTURING CO.:
interlocking directorates [Scudder, P.]..... 986, 988, 991, 993, 996, 998, 1000, 1001
[Exhibit No. 200]..... 1695
WEST SHORE RAILROAD:
interlocking directorates [Exhibit No. 197-A]..... 1571
WIGGIN, ALBERT H.:
voting trust [Davison]..... 1812-1824
WILCOX, HENRY B.:
testimony of..... 540-542
WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING CO.:
interlocking directorates [Exhibit No. 197-A]..... 1570
WINSLOW, LANIER & CO.:
acceptance on stock transfers of guaranty of member of Consolidated Stock Exchange without guaranty of exchange [De Aguero]..... 775
WINSOR, ROBERT:
testimony of..... 1995-2002
voting trust [Davison]..... 1812-1824
WOLFSON, TOBIAS:
testimony of..... 717-740
WOLLMAN, WILLIAM J.:
testimony of..... 1783-1798
WOLVERTON, SAM:
voting trust [Davison]..... 1812-1824
WOODWARD, GEORGE B.:
testimony of..... 1336-1339
WORCESTER TRUST CO.:
interlocking directorates [Winsor]..... 1996

YOUNG, EDWARD F. C.:
voting trust [Davison]..... 1812-1824

White, Horace. — Report to Gov. Hughes on Speculation in Securities and Commodities on N. Y. Stock Exchange ——————— 2184

INTERSTATE COMMERCE COMMISSION
JUL 23 1923
LIBRARY

The borrower must return this item on or before the last date stamped below. If another user places a recall for this item, the borrower will be notified of the need for an earlier return.

Non-receipt of overdue notices does ***not*** *exempt the borrower from overdue fines.*

Harvard College Widener Library
Cambridge, MA 02138 617-495-2413

WIDENER
JUN 3 0 2004
CANCELLED

WIDENER
SEP 10 2004
BOOK DUE

Please handle with care.
Thank you for helping to preserve library collections at Harvard.